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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

THESIS

**THE PROSPECT OF CHINA'S ACCESS TO NAVAL
FACILITIES IN BURMA AND THE RAMIFICATIONS FOR
REGIONAL STABILITY**

by

Victor A. Chin

June 2007

Thesis Co-Advisors:

Michael Malley

Alice L. Miller

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AND THE RAMIFICATIONS FOR REGIONAL STABILITY**

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Submitted in partial fulfillment of the
requirements for the degree of

MASTER OF ARTS IN NATIONAL SECURITY AFFAIRS

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ABSTRACT

This thesis examines the prospect of the People's Liberation Army Navy to gain access to naval facilities in Burma and the implications for the Asia-Pacific region. With much of China's energy resources sailing through the Strait of Malacca, Burma is in a strategic position to affect China's energy security design. If China were given access to port facilities in Burma to service the expanding Chinese naval fleet, it would give PLAN the ability to control maritime trade routes as well as the ability to command strategic chokepoints along those routes jeopardizing the security interests of the maritime powers that depend on these waters. The increase in PLAN's capabilities could generate an uncertain climate and prompt a build up of rival naval powers in the region.

This thesis will argue that although the PLA Navy will be able to ply China's extended sea lines of communication with the help of Burmese naval facilities, the Chinese naval vessels have not attained sufficient modernization to pose a major threat to the United States or the regional powers. It is also unlikely China would challenge the U.S., the current guarantor of freedom of navigation, for dominance of the sea. The danger will come from the regional instability caused by the naval arms race to counter the expanded capabilities of the PLA Navy.

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LIST OF ABBREVIATIONS AND ACRONYMS

ARF	ASEAN Regional Forum
ASAT	Anti-Satellite
ASEAN	Association of Southeast Asian Nations
CCP	Chinese Communist Party
CSCAP	Council for Security Cooperation in the Asia-Pacific
DPRK	Democratic People's Republic of Korea
ELINT/SIGINT	Electronic Signals Intelligence/Signals Intelligence
FOCAC	Forum on China-Africa Cooperation
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GNP	Gross National Product
GPS	Global Positioning System
IISS	International Institute for Strategic Studies
IMB	International Maritime Bureau
PLA	People's Liberation Army
PLAN	People's Liberation Army Navy
PPP	Purchasing Power Parity
PRC	People's Republic of China
QDR	Quadrennial Defense Review
ReCAAP	Regional Cooperation Agreement on Combating Piracy and Armed Robbery in Asia
ROK	Republic of Korea
SBI	Shipbuilding Industry
SCO	Shanghai Cooperation Organization
SLOC	Sea Lines of Communication
TAC	Treaty of Amity and Cooperation
TROPEX	Theater-level Readiness Operational Exercise
VLCC	Very Large Crude Carrier

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I. INTRODUCTION

A. PURPOSE AND IMPORTANCE OF STUDY

China continues to show dramatic economic growth and import of energy through the sea lines of communication is fundamental to maintaining this growth. The legitimacy of the Chinese Communist Party (CCP) rests on the continued development of its economy and the CCP will use its significant influences to gain access to Burma's naval facilities to assist in securing its sea lines of communication.

This thesis will explore the feasibility of the People's Liberation Army Navy's (PLAN) aspiration to gain access to Burmese naval facilities and the resultant ramifications for the Asia-Pacific region. The PLAN has been modernizing for the last two decades but it will be many more decades before coming close to achieving the capabilities of the U.S. naval forces. Even with access to naval facilities in Burma, the Chinese Navy will not pose a substantial threat to the United States or the regional powers. The danger will come from the instability caused by the regional naval arms race stemming from the perceived threat of the PLAN to affect the energy security of its neighbors.

B. CHINA'S RISING ECONOMIC POWER

China represents a rising economic power with growing influence in the Asia-Pacific region as well as the world. In 2006, China's gross domestic product grew by 10.7 percent to reach US\$2.68 trillion and is rapidly closing the gap with Germany, the world's third largest economy at US\$2.86 trillion.¹ This is a far cry from the centrally planned economy prior to the 1979 economic reform, which averaged only

¹ Xu Binglan. "China's GDP Grows 10.7% in 2006, Fastest in 11 Years." *China Daily* (18 March 2007) http://www.chinadaily.com.cn/china/2007-01/26/content_793128.htm (accessed 17 May 2007).

5.3 percent.² This sustained growth is also strengthening the economies of its trading partners in the Asia-Pacific and around the world.

From the initiation of its economic reform in 1979 to the present, the size of China's economy grew eleven-fold while per capita GDP increased eight-fold.³ China now routinely trades with the United States, Japan, European Union, and any other country that can advance its economic growth. China's economic reach extends around the world and its thriving economy is also benefiting many of the countries around the Asia-Pacific region. Many in the region shifted their businesses to China to take advantage of its faster economic growth and more open market. World wide foreign direct investment in China surged from US\$636 million in 1983 to \$72.4 billion by 2005.⁴ In 2005, Hong Kong, Japan, and the United States made up the top three largest overall investors in China at US\$17.9 billion, \$6.5 billion, and \$3.1 billion respectively.⁵ In 2006, China is the world's fifth largest exporter with 80 percent of the world's consumer electronics made in China.⁶

With the collapse of the Soviet Union, communism lost credibility as an ideology that perpetuated a defective economic system. The "reform and open" policies of 1979 brought unprecedented growth and prosperity to China. The leadership of the People's Republic of China now stakes its legitimacy and power on the continued vitality of its semi-capitalist economy.

C. CHINESE NAVAL MODERNIZATION

In addition to its growing economy, China also has one of the biggest military modernization programs in the world. Since the early 1990s, the growth of China's

² Wayne Morrison. *China's Economic Conditions* (Washington D.C.: Congressional Research Service, 12 July 2006), 3.

³ Wayne Morrison. *China's Economic Conditions* (Washington D.C.: Congressional Research Service, 12 July 2006), 3.

⁴ Ibid., 5.

⁵ Ibid., 6.

⁶ "Quick Guide: China's Economic Reform." *BBC News* (3 November 2006) <http://news.bbc.co.uk/2/hi/asia-pacific/5237748.stm> (accessed 18 May 2007).

defense budget has been in the double digits each year, and next year promises to be more of the same. The 2007 Chinese defense budget was reported to increase by 14.7 percent this year to approximately US\$35 billion, equal to approximately 1.5% of China's GDP.⁷ With modernization moving swiftly, PLAN will eventually be able to project naval power beyond the South China Sea. Combine this with unhampered access to Burma for ship replenishment and repairs, and China will be able to extend its influence well into the Indian Ocean.

Traditionally, China has viewed its Navy as only a defensive force to protect its littoral. In the latter half of the 1990s, China began modernizing the PLAN to enhance capabilities beyond that of coastal defense. Today, the Chinese Navy is close to achieving a force that can project power across the vastness of the South China Sea. PLAN's naval modernization program is moving ahead with an ambitious, simultaneous acquisition of five different classes of submarines. They are armed with a myriad of advanced torpedoes, assorted cruise missiles and even ballistic missiles that could be equipped with nuclear warheads. Four classes of submarines are produced indigenously; two of them are nuclear-powered designs, the Jin class ballistic missile submarine and the Shang class attack submarine, while the Yuan and the Song are the conventional diesel-electric attack submarines. Eight Kilo-class conventional attack submarines have also been purchased from Russia to round out the new set of submarines being produced or acquired by the PLAN.⁸ By the end of the decade, PLAN forces may consist of 40 additional new submarines that will replace its aging fleet.⁹ Although the technology is old by U.S. standards, China has substantially increased the capabilities of its submarine fleet.

⁷ Donald Rumsfeld. *Annual Report to Congress: Military Power of the People's Republic of China 2006* (Washington D.C.: Department of Defense, 2006), 18. <http://www.defenselink.mil/pubs/china.html> (accessed 24 May 2006).

⁸ Ronald O'Rourke. *China Naval Modernization*, 6-7. and John J. Tkacik, Jr. "Panda Hedging: Pentagon Report Urges New Strategy for China." *Heritage Foundation* (24 May 2006) <http://www.heritage.org/Research/AsiaandthePacific/wm1093.cfm> (accessed 12 August 2006).

⁹ Richard Fisher Jr. "China's Submarines Pose Regional Threat." *Armed Forces* 143, no. 8 (2006): 33.

Concurrent with the modernization of the submarine forces, the PLAN is modernizing its surface combat ships. Since the beginning of the 1990s, China has purchased four Sovremenny-class destroyers from Russia in addition to building and deploying eight new classes of destroyers and frigates.¹⁰ The last of the four Russian built Sovremenny-class destroyers, designed specifically to counter the U.S. carrier battle groups and the Aegis destroyers, will be delivered by the end of the year.¹¹ The Sovremenny-class destroyers bring to the PLAN a longer cruising range of up to 14,000 miles, as well as more lethal weapon systems, which will allow the PLAN to extend its reach to the Persian Gulf. Smaller craft with high technology advanced hull designs are also emerging in China's fast attack craft inventory.

PLAN is also modernizing its amphibious fleet, which will be crucial if China were to contemplate the invasion of Taiwan. The new classes of amphibious ships include the Yuting II-class helicopter-capable tank landing ship (LST) that can transport 10 tanks and 250 troops, the Yunshu-class landing ship (LSM) that can transport 6 tanks or 250 tons of supplies, and the Yubei-class utility landing craft (LCU) that can transport 10 tanks and 150 soldiers.¹² Of the three new classes of amphibious ships, 19 amphibious ships and 8 amphibious landing craft have been delivered by 2004.¹³

In addition to the combat and amphibious vessels, China is steadily improving its ability to refuel and re-supply its long-range maritime operations. Most PLAN combat vessels now carry the required equipment to transfer fuel and supplies underway. As of the year 2000, China's support ships consists of three replenishment ships, 29 supply ships, three repair ships and six submarine support ships with additional three replenishment ships, three supply ships, and two repair ships under construction.¹⁴ With the completion of the above ships, China's support fleet may rival the mid-sized European navies, such as the French or the British, in extending the global reach of its

¹⁰ Richard Fisher Jr. "PLAN for Growth." *Armed Forces Journal* 143, no. 9 (2006): 12.

¹¹ Ibid., 30.

¹² Ronald O'Rourke. *China Naval Modernization*, 82.

¹³ Ibid., 15.

¹⁴ Thomas Kane. *Chinese Grand Strategy and Maritime Power* (Portland, OR: Frank Cass Publishers, 2002), 78.

combat vessels. Very few nations have ever undertaken such a robust modernization of their naval combat power in such short a time.

D. CHINA'S MOTIVES

In analyzing the implications of the modernization of PLAN, China's international politics needs to also be addressed. A tally of naval hardware China is developing or acquiring from various sources without broader analysis is meaningless. Three major schools of thought permeate the literature on Chinese military modernization, particularly the naval component. The first and most provocative perspective is that China is striving toward regional or world hegemony. The second perspective is that China desires to generate the capabilities to deter or slow the United States in a Taiwan attack scenario.¹⁵ The last perspective is that China is modernizing its navy in order to protect its vital energy lines of communication in order to sustain its economic growth. The three perspectives are complementary in nature but the failure to protect energy supplies to sustain economic growth has the most potential to destabilize the legitimacy of the CCP's political power.

1. Regional Hegemony

Due to the rapid and aggressive pace of military modernization, the 2006 U.S. Quadrennial Defense Review, for the first time, addressed China as a potential military competitor. In the regional hegemony school of thought, the authors Timperlake and Triplett, in the book *Red Dragon Rising*, assert that China is prepared to disrupt, if not directly challenge, U.S. military might.¹⁶ Regional hegemony as China's aspiration was

¹⁵ Donald Rumsfeld. *Annual Report to Congress: Military Power of the People's Republic of China 2006* (Washington D.C.: Department of Defense, 2006), 38. <http://www.defenselink.mil/pubs/china.html> (accessed May 24, 2006).

¹⁶ Edward Timperlake and William Triplett II. *Red Dragon Rising* (Washington DC: Regnery Publishing Inc., 1999), 14.

also addressed by Steven Mosher, who asserts that China is acquiring offensive weapons in “anticipation of a contest with the current guarantor of regional security, the United States.”¹⁷

The Chinese military has placed great emphasis on PLAN’s ability to interdict carrier battle groups and expeditionary strike groups at long ranges through cunning use of submarines and recently acquired destroyers.¹⁸ Combining this capability with improved ballistic missile technology gives China a credible force projection means to deny an adversary the ability to operate in the region.¹⁹ The capabilities and views discussed in this school of thought paint a bleak picture of China continuing to modernize in order to become the regional, if not world, hegemon.²⁰

2. Taiwan Scenario

The People’s Republic of China is adamant that Taiwan is a part of its territory but Taiwan repudiates Beijing’s claim of sovereignty. Due to the political dynamics and strong national identity of Taiwan, the prospects of a political reunification will remain a challenge.²¹ If Taiwan cannot be reunited via peaceful means, Beijing does not discount the right to use military to force a reunification with Taiwan.²²

Taiwan lies across the approximately 100 nautical mile strait notorious for foul weather. The PLAN amphibious fleet of fewer than 100 ships can land a force of only

¹⁷ Steven Mosher. *China’s Plan to Dominate Asia and the World Hegemon* (San Francisco, CA: Encounter Books, 2000), 95.

¹⁸ Donald Rumsfeld. *Annual Report to Congress: Military Power of the People’s Republic of China 2006* (Washington D.C.: Department of Defense, 2006), 24. <http://www.defenselink.mil/pubs/china.html> (accessed May 24, 2006).

¹⁹ Ibid., 25.

²⁰ Bill Gertz. “China’s Emergence as Military Power Splits Strategists on Threat to U.S.” *The Washington Times* Sec: Nation/Politics (7 February 2006) <http://www.washingtontimes.com/national/20060206-102324-3179r.htm> (accessed 15 August 2006); Bill Gertz. “More Muscle, with Eye on China.” *The Washington Times* Sec: Nation/Politics (10 April 2006) www.washingtontimes.com/national/20060420-104400-0013r.htm (accessed 24 July 2006).

²¹ John J. Tkacik, Jr. “Panda Hedging: Pentagon Report Urges New Strategy for China.” *Heritage Foundation* (24 May 2006) <http://www.heritage.org/Research/AsiaandthePacific/wml093.cfm> (accessed 12 August 2006).

²² Stephen Flanagan and Michael Marti. *The People’s Liberation Army and China in Transition* (Washington D.C., NDU Press Publications, 2003), 119.

one division, approximately 10,000-14,000 men with their equipment.²³ Assuming this force conducts a successful amphibious landing, it would face upwards of 100,000 defenders in a short amount of time. The reinforcement rate is likewise dismal: approximately 8,000 troops per day assuming all means of transport are used.²⁴

To rectify this shortcoming, PLAN continues to modernize and enlarge its combatant as well as its amphibious fleet. The goal is to quickly acquire a good mix of “economic-diplomatic carrots and military sticks sufficient to reassert the credibility of its military threat and deter or prevent Taiwan from achieving permanent formal separation.”²⁵ This school of thought argues that China will continue to modernize and bide its time until it gains enough strength to challenge the United States in order to obtain reunification on Beijing’s terms.²⁶

The People’s Republic of China remains vigilant in its dealings with Taiwan. Beijing allows Taiwan to chart its own course so long as it does not attempt to vie for independence. Most nations around the world acknowledge that there is only one China and that Taiwan is an internal issue. Reunification with Taiwan continues to rank among the PRC’s highest priorities, but so long as Taiwan does not pursue independence Beijing will likely continue the peaceful status quo.

3. Energy Resources Security

China’s extraordinary economic growth is creating a nearly insatiable appetite for energy in the form of oil, coal and natural gas. In the last decade, the demand for energy

²³ Thomas Kane. *Chinese Grand Strategy and Maritime Power* (Portland, OR: Frank Cass Publishers, 2002), 91.

²⁴ Michael O’Hanlon. “Why China Cannot Conquer Taiwan.” *International Security* 25, No 2 (Fall 2000): 68.

²⁵ James Mulvenon. *Chinese Responses to U.S. Military Transformation and Implications for the Department of Defense* (Santa Monica, CA: Rand Corporation, 2006).

²⁶ There are various course of actions contemplated in various literatures: Alan Collins. *Security and Southeast Asia* (Boulder, CO: Lynne Rienner Publishers, Inc., 2003); Bernard Cole. *The Great Wall at Sea* (Annapolis, MD: Naval Institute Press, 2001); Dick K. Nanto and Emma Chanlett-Avery. *The Rise of China and its Effect on Taiwan, Japan, and South Korea: U.S. Policy Choices* (Washington D.C.: Congressional Research Service, 2006); Grant Evans, Christopher Hutton, and Kuah Kuhn Eng, eds. *Where China Meets Southeast Asia* (New York, N.Y.: St. Martin’s Press, 2000); Liselotte Odgaard. *Maritime Security between China and Southeast Asia* (Burlington, VT: Ashgate Publishing Company, 2002).

surpassed domestic sources of supply and in 1993 China became a net oil importer.²⁷ That year, China abandoned its policy of energy self-sufficiency in favor of a policy that seeks to diversify the sources of its energy supply.

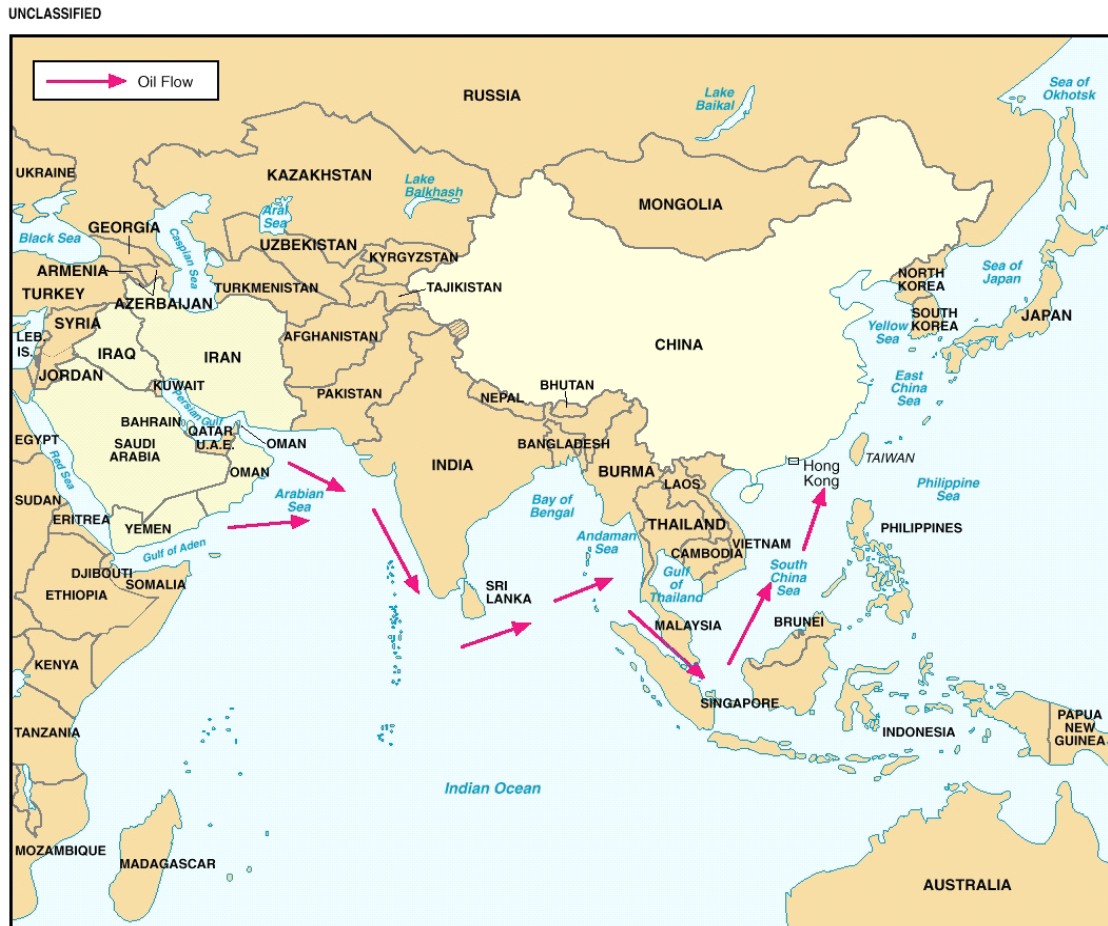


Figure 1. Illustration of China's Vital Sea Lines of Communication.²⁸

Energy provides the foundation of China's mammoth economy and the protection of its sea lines of communication represents one of Beijing's greatest strategic

²⁷ Erica Downs. *China's Quest for Energy Security* (Santa Monica, CA: RAND Corporation, 2006).

²⁸ Donald Rumsfeld. *Annual Report to Congress: Military Power of the People's Republic of China 2006* (Washington D.C.: Department of Defense, 2006), 33. <http://www.defenselink.mil/pubs/china.html> (accessed 24 May 2006).

concerns.²⁹ China's increasing dependence on overseas trade and imported oil impart the PLAN with a vital mission of providing maritime security of the sea lines of communication. The protection of China's energy resources, along with the sea lines of communication, represent the more realistic motive driving the extensive modernization of the People's Liberation Army Navy.

a. Sources of Energy

Since 1992, the dismal long term prospects for self sufficient domestic production of energy has led China to seek stable energy resources abroad with equity positions in established oil fields.³⁰ Investment in equity shares was deemed less risky and far less costly than new field exploration. Equity share ownership also eliminates the middleman and provides a certain amount of price stability with added security than buying oil on the international markets.

In an effort to diversify its sources of energy, China established relations with a variety of oil producers, including repressive regimes with terrible human rights records. China entered into long-term oil supply arrangements with several Gulf States to include Iran, Saudi Arabia, and Yemen. Iran alone accounts for over 11 percent of China's imported oil that will only increase with its recent contract for US\$70 billion worth of oil and natural gas.³¹ Today, approximately 58 percent of imported oil originates from the Persian Gulf region and is forecasted to rise to 70 percent by 2015.³²

Due to prospects of long-term instability in the Middle East, China also turned to Africa as another major source of imported oil. In November 2006, Beijing hosted 48 out of the 53 African heads of state in the Forum on China-Africa Cooperation

²⁹ C. Fred Bergsten, Bates Gill, Nicholas R. Lardy, and Derek Mitchell. *China: The Balance Sheet* (New York, N.Y.: Public Affairs Books, 2006), 130.

³⁰ Erica Downs. "The Chinese Energy Security Debate." *The China Quarterly* 177 (March 2004), 26.

³¹ Kamrouz Pirouz and Farahmand Rezvani. "The Iran – China Alliance." *Journal of American Academy of Business* 11, Issue 1 (March 2007).

³² Gal Luft. "Fueling the Dragon: China's Race Into the Oil Market Institute for the Analysis of Global Security." *Institute for the Analysis of Global Security* (2004) <http://www.iags.org/china.htm> (accessed 3 March 2007).

and struck billions of dollars worth of energy-related deals.³³ Africa supplies almost 30 percent of China's crude oil today and has the potential to supplant the Middle East as China's primary source of imported oil and natural gas in the future.³⁴ Less than two months after the FOCAC, Chinese President Hu Jintao led a high level delegation on a 12-day tour encompassing eight African countries to publicly reaffirm and strengthen Chinese ties with the African Nations to ensure the continued flow of oil and gas.³⁵

b. Transportation of Energy

In addition to diversifying the sources of oil suppliers, China varied the manner in which oil and gas are transported to its domestic markets due to supply security concerns. Long distance pipelines and sea transport are two of the main techniques to transfer energy. Transnational pipelines have been a crucial ambition for the Chinese because they are protected by territorial politics. Although the pipelines may be susceptible to U.S. air strikes or sabotage, Beijing is relying on the fact that the United States will not likely violate another country's sovereignty simply to sever the flow of energy to China. The host nation will bring tremendous political pressure against the United States to safeguard the pipeline that is bringing enormous economic benefits to that country.

China is investing billions of dollars to build transnational pipelines with the aim of taking advantage of the political protection provided by the partner nations. As of July 2006, the US\$700 million, 613-mile-long Kazakhstan-China pipeline is pumping 200,000 barrels of crude oil per day from Atasu in northwestern Kazakhstan to Alashankou in China's northwestern Xinjiang region.³⁶ There are plans to double the capacity to transfer 400,000 bbl/d by 2010. Russia is constructing a 2,500 mile pipeline that will reach Skovorodino, a town only 30 miles from the Chinese border. From there,

³³ Jonathan Watts "The Savannah Comes to Beijing as China Hosts Its New Empire." *The Guardian* (4 November 2006) <http://www.guardian.co.uk/china/story/0,1939380,00.html> (accessed 2 March 2007).

³⁴ David Zweig and Bi Jianhai. "China's Global Hunt for Energy." *Foreign Affairs* 84, no. 5 (Sep/Oct 2005): 25.

³⁵ Jonathan Watts. "The Savannah Comes to Beijing as China Hosts Its New Empire."

a pipeline spur to Daqing will transfer as much as 600,000 bbl/d to China from Russia's Eastern Siberia region with up to 75 billion barrels of potential oil reserves.³⁷ In April 2006, Beijing approved a study to look at the feasibility of circumventing the Strait of Malacca by constructing a new pipeline that would link one of Burma's deep-sea ports to the interior of China.³⁸

Transnational pipelines offer a measure of diversity but the reality is that the majority of China's imported oil and natural gas travels via large transport ships along established commercial shipping routes. In 2005, China imported 121.55 million tons of crude oil³⁹ via ocean-going tankers, representing 93.5 percent of total oil imports.⁴⁰ The other 6.5 percent of oil was imported via rail lines.

In 2010, the transnational pipelines are expected to transfer 15 percent while the ocean-going tankers will transport approximately 83 percent of the imported oil.⁴¹ Although the percentage transported by seaborne carriers will decrease, the overall demand for foreign oil is increasing substantially. By 2010, China's total oil demand is expected to rise to 380 million tons of crude oil with 200 million tons coming from foreign sources.⁴² The ocean-going tankers will bear the responsibility of transporting approximately 166 million tons of crude oil, a sizeable increase in tonnage despite the diversified transport methods.

Energy provides the foundation of China's mammoth economy and the protection of its sea lines of communication represents one of its greatest strategic

³⁶ Energy Information Administration. "Kazakhstan." *U.S. Department of Energy* (October 2006) <http://www.eia.doe.gov/emeu/cabs/Kazakhstan/Oil.html> (accessed 3 March 2007).

³⁷ Energy Information Administration. "China." *U.S. Department of Energy* (August 2006) <http://www.eia.doe.gov/emeu/cabs/China/Oil.html> (accessed 3 March 2007).

³⁸ "China Plans Oil-Gas Pipeline to Myanmar." *China Economic Net* (2 February 2007) http://en.ce.cn/Business/Macro-economic/200702/02/t20070202_10300556.shtml (accessed 3 March 2007).

³⁹ "China Imports 130 mln tons crude oil in 2005." *People's Daily Online* (11 January 2006) http://english.people.com.cn/200601/11/eng20060111_234653.html (accessed 3 March 2007).

⁴⁰ Robert Ebel. *China's Energy Future The Middle Kingdom Seeks Its Place in the Sun* (Washington D.C.: Center for Strategic and International Studies, 2005), 29.

⁴¹ *Ibid.*, 29.

⁴² *Ibid.*, 31.

concerns.⁴³ With the dependence on the continued growth of the economy, nothing would be more debilitating than an interruption of energy supplies that could directly contribute to a drastic decline of its economy.

E. SIGNIFICANCE OF BURMA

Burma is situated south of China, east of India across the Bay of Bengal and strategically situated at the mouth of the Strait of Malacca, the vital connection for majority of the seaborne international trade with Asia. This strategic location provides a commanding position over the sea lines of communications for the petroleum and petroleum products that feed the insatiable appetite of the Chinese economy. Due to China's close relationship with the State Peace and Development Council (SPDC), the military junta ruling Burma, the Chinese Navy may be able to deploy in and around Burma with few or no restrictions.

Since the early 1990s, Burma has faced extensive sanctions by Western countries, yet it has been able to sustain its economy and build up its military due in large part to China's financial, political, and military support. China-Burma bilateral trade volume nearly doubled from 2002 to 2005 with China importing raw materials while Burma received finished products to sustain its economy.⁴⁴

In addition to the expanding trade and military aid between China and Burma, there are purportedly listening posts and missile-tracking stations in the Coco Islands, Burmese deep-water port of Kyaukpyu on the Bay of Bengal and port facilities along Burma's littoral at Hainggyi and Ramree Islands.⁴⁵ Although the listening posts and missile-tracking stations are clandestine in nature, infrastructure improvements to include the port facilities are well documented. Millions of dollars and the expertise of many

⁴³ C. Fred Bergsten, Bates Gill, Nicholas R. Lardy, and Derek Mitchell. *China: The Balance Sheet* (New York, N.Y.: Public Affairs Books, 2006), 130.

⁴⁴ Jurgen Haacke. "Myanmar's Foreign Policy." *The Adelphi Papers* 46, Issue 381 (June 2006): 30. <http://dx.doi.org/10.1080/05679320600831847> (accessed 27 August 2006).

⁴⁵ Jurgen Haacke. "Myanmar's Foreign Policy." 30; David Steinberg. *Burma: The State of Myanmar*, 228; Denny Roy *China's Foreign Relations*, 174.

Chinese engineers have been made available to help construct roads, jetties, port facilities, runways, and radar stations throughout Burma.

President Jiang Zemin even paid a visit to Burma in December 2001 emphasizing the critical role Burma plays in the future of China's Navy.⁴⁶ If Burma permits China to build more robust facilities to support PLAN vessels, Burma stands to gain much more financial and military aid than it currently enjoys. With much of China's energy resources sailing through the Strait of Malacca, Burma is in a strategic position to affect China's energy security design. If China were to gain access to port facilities in Burma to service the expanding Chinese naval fleet, it would be able to extend its influence well into the Indian Ocean.

F. IMPLICATIONS FOR THE REGION AND THE UNITED STATES

Like many countries in Southeast Asia, the U.S. is concerned about the prospects of growing Chinese naval power. Currently, PLAN can do little more than protect China's littoral. The water around Taiwan and its immediate periphery seem to be the limit of PLAN's sea denial capability.⁴⁷ With continued upgrades to PLAN, this scenario will change in the future. Bases or commercial ports that allow combat vessels to refuel and rearm in Burma would considerably increase the cruising range of PLAN. This will effectively allow PLAN to operate in and around the Indian Ocean and may pose challenges to all the inhabitants of the region as well as the interests of the United States.

When looking at the capabilities of PLAN, China does not appear to seek hegemony. Ensuring the security of energy supplies to allow China's economy to prosper also allows the CCP to maintain its hold on its powers. Burma could play a critical role in this by extending the range of PLAN's combat vessels to be able to escort merchant vessels to the Persian Gulf and back. The existing literature glosses over the potential importance of Burma as a way station that would more than double the cruising

⁴⁶ Wayne Bert. "Burma, China and the U.S.A." *Pacific Affairs* 77, no. 2 (2004): 269.

⁴⁷ Donald Rumsfeld. *Annual Report to Congress: Military Power of the People's Republic of China 2006* (Washington D.C.: Department of Defense, 2006), 31. <http://www.defenselink.mil/pubs/china.html> (accessed 24 May 2006).

range of the existing PLAN vessels, primarily the older destroyers and the majority of the frigates. Most of the destroyers and frigates have a range of approximately 4,000 miles that would allow them to only make a round trip to the southern entrance of the Strait of Malacca.⁴⁸ With access to the ports in Burma, these same ships could effectively leap ahead in their capabilities to extend their reach well into the Indian Ocean.

If the PLAN increased its patrols along its sea lines of communication, through the use of ports in Burma, this could be in conflict with the U.S. mission of being the guarantor of the world sea lines of communication. The PLAN will likely encounter a U.S. naval presence in the South China Sea and the Indian Ocean leading to apprehension amongst the regional powers that also ply these waters to secure their energy resources, such as Japan, South Korea, and India. The increased Chinese military presence in these regional waters would produce anxieties for the maritime powers of the region and a regional arms race may ensue.

G. METHODOLOGY AND ORGANIZATION OF CHAPTERS

This thesis will apply qualitative and quantitative analysis to research data culled from primary and secondary sources. The analyses will be presented in five chapters. The introduction will put into context the scope of this thesis. Burma's close relationship with China and its strategic benefits for PLAN will be analyzed in chapter two. For nearly two decades, there has been comprehensive military, economic, and political cooperation between Burma and China. An examination will be made of Burma's willingness to allow China to gain access to Burmese naval bases. This will be followed in chapter three by an assessment of PLAN modernization in terms of hardware and capabilities. The fourth chapter will analyze the regional implications of PLAN's possible access to naval facilities in Burma. The conclusion will provide policy recommendations for the regional powers and the United States to alleviate the growing risks associated with the potential of China gaining access to Burmese naval facilities.

⁴⁸ See the statistics of the individual ships at <http://www.fas.org/man/dod-101/sys/ship/row/plan/index.html>.

II. BURMA AND ITS CONTRIBUTION TO PLAN

A. BURMA'S STRATEGIC LOCATION

Burma is situated south of China, east of India across the Bay of Bengal and near the entrance of the Strait of Malacca, a vital connection that enables transit of over 80 percent of China's imported oil.⁴⁹ Gaining access to naval facilities in Burma represents an economical solution to securing its sea lines of communication without having to heavily invest in building up a blue water navy. Underway replenishment vessels are being built to extend the range of the existing Chinese naval fleet but they require some years before the numbers become sufficient to allow for regular deployments out of the Asia-Pacific region. No longer will PLAN vessels be stymied by the inefficient practice of returning to homeports to refuel, instead can make port calls in Burma on their way to the Persian Gulf.

The double-digit growth of the economy in the past two decades has fueled the insatiable appetite for energy and China has now outstripped Japan as the second largest oil consumer after the United States. Of the 6.5 million barrels per day required to meet China's energy needs, almost half of the oil is imported from foreign sources, predominantly from the Persian Gulf.⁵⁰

The concentration of so much imported oil sailing through the Strait of Malacca presents security concerns for the PRC. The Strait of Malacca is a narrow waterway with an entrance of only 1.5 nautical miles across and provides a natural chokepoint for the hundreds of vessels that transit the strait each day. In November 2003, President Hu Jintao even stated, "certain powers [have] encroached on and tried to control the

⁴⁹ Donald Rumsfeld. *Annual Report to Congress: Military Power of the People's Republic of China 2006* (Washington D.C.: Department of Defense, 2006), 33. <http://www.defenselink.mil/pubs/china.html> (accessed 24 May 2006).

⁵⁰ U.S. Congress. *Energy Policy Act 2005, Section 1837: National Security Review of International Energy Requirements* (U.S. Department of Energy, February 2006), 4.

navigation route through the strait.”⁵¹ Without the PLAN to provide escort for the tankers, Beijing has to rely on the “certain powers” to provide security of its oil shipments, namely the United States.

B. BENEFITS OF PLAN’S ACCESS TO NAVAL FACILITIES IN BURMA

Burma sits at the northern entrance of the Strait of Malacca and is halfway from the Persian Gulf to the Chinese ports in the South China Sea. The ability to refuel and re-supply in Burmese naval facilities would enhance PLAN’s capacity to traverse the entire sea lines of communication. Beijing will no longer have to depend on the United States or other sea powers to guarantee freedom of navigation throughout Asia.

China’s dependence on the United States as the sole guarantor of freedom of navigation causes much concern for the PRC. Beijing depends on economic growth to maintain power and keep its population pliant. In order to continue its fantastic economic growth, China requires tremendous sums of energy. Disruption of its imported oil could stymie China’s economic development and cause unrest in the general population. The resultant instability could challenge the communist leadership legitimacy.

For the sake of maintaining Chinese strategic and economic advantage provided by the stable influence of the United States, Beijing has not openly challenged the U.S. naval dominance in Asia. The PRC has instead been quietly modernizing its military, with emphasis on its naval and strategic forces. With time and continued investment in developing the naval capabilities, the PLAN will be able to secure its sea lines of communication in the distant future.

Chinese naval vessels’ range is presently limited by its necessity to return to homeport to refuel and replenish its stores. At present, there are not enough underway replenishment vessels to allow for regular deployments outside of the South China Sea. Although long distance routine deployment is a distant prospect, access to naval facilities in Burma could extend the range of existing Chinese naval vessels well into the Indian Ocean to provide security for the vital sea lines of communication. Burma’s naval

⁵¹ Wen Han, “Hu Jintao Urges Breakthrough in ‘Malacca Dilemma.’” *Wen Wei Po* (14 January 2004).

facilities can also serve as a safe haven for PLAN vessels to conduct operations in and around the Strait of Malacca to safeguard China's interest in the region. The Burmese naval facilities represent an inexpensive solution to extending the range of the PLAN deployments.

The Burmese naval facilities would allow Beijing to project power and influence events in the Indian Ocean. Thus far, the Indian Ocean has been the domain of the United States and the Indian Navy. Access to ports in the Coco and Hainggyi Islands would put the PLAN vessels within 30 nautical miles of the Andaman Islands in India. This new capability would allow the PLAN to constrain the expanding influence of the Indian and the United States navies in the region.

C. PLAN ACCESS TO BURMESE NAVAL FACILITIES

The People's Republic of China has made progress in gaining access to naval facilities in Burma. The People's Liberation Army Navy has not overtly utilized Burmese naval facilities, instead has provided technical expertise and financial assistance in building Burma's port facilities at strategic locations.⁵² Given enough time with continued economic and political collaboration, China will be able to persuade the Burmese government to allow PLAN to make port calls to the same facilities it helped build in Burma.

The Coco Island is situated approximately 400 nautical miles north of the entrance of the Strait of Malacca and just 30 nautical miles south of India's Andaman Islands.⁵³ Coco Island supports a Burmese military base with an airport and a large landing jetty for its naval vessels. In 2003, the PRC contributed US\$11 million and some engineers to construct the large landing jetty and expanded the capabilities of the base.⁵⁴ The landing jetty measures 85 meters by 70 meters and can dock most of the vessels in

⁵² Anonymous journalist based in Thailand, e-mail message to author, 22 February 2007.

⁵³ "China Expands its Southern Sphere of Influence." *Jane's Intelligence Review: Regional Security Issues Section* (1 June 2005) <http://www8.janes.com> (accessed 31 January 2007).

⁵⁴ "Navy, Myanmar." *Jane's Sentinel Security Assessment* (10 October 2006) <http://www8.janes.com> (accessed 31 January 2007).

the PLAN's inventory.⁵⁵ China also helped to extend the runway from 4,400 to 5,000 feet to accommodate slightly heavier and more capable aircraft.⁵⁶

The base is purported to be a joint intelligence center to monitor India's rocket telemetry data as well as to observe the naval activities in the Indian Ocean, especially the U.S. and the Indian navies.⁵⁷ The electronic signals intelligence/signals intelligence (ELINT/SIGINT) equipments were Chinese made and operated by Chinese naval personnel.⁵⁸

In southern Burma, St Luke's Island (also known as Zadetkale Island) sits across from Thailand's Ranong Province, less than 200 nautical miles from the Malacca Strait. The Burmese Navy operates out of this base and installed a radar station there with the help of Chinese engineers. The construction of the radar station took approximately one year and was completed in February of 2001.⁵⁹ This radar equipped naval base will be able to support PLAN's submarine operations in the vicinity of the Strait of Malacca as well as service and refuel the surface vessels.⁶⁰

China is helping Burma construct a deep-water port on Ramree Island located approximately 60 miles south of Sittwe, near India. When complete, this port will be able to service oil tankers and naval vessels of various sizes.⁶¹ This base will be crucial in collecting intelligence on air and naval movements in the Bay of Bengal.⁶² The base will also be vital as a hub for transportation of the imported oil if an overland pipeline can be constructed connecting the Ramree port to the interior of China, relieving some of China's reliance on the Strait of Malacca.

⁵⁵ Robert Karniol. "Myanmar bolsters Coco Island naval facilities." *Jane's Defence Weekly* (8 January 2003).

⁵⁶ "Mayor Inspect Airport Runway Extension in Coco Island." *The New Light of Myanmar* (7 April 2006) <https://www.opensource.gov> (accessed 21 February 2007).

⁵⁷ Jurgen Haacke. "Myanmar's Foreign Policy." 26.

⁵⁸ Wayne Bert. "Burma, China and the U.S.A." *Pacific Affairs* 77, no. 2 (2004): 273.

⁵⁹ Bruce Hawke. "Myanmar Installs New Naval Radar." *Jane's Defence Weekly* (16 February 2001).

⁶⁰ William Boot. "Burma: Undisclosed Location of Oil Deposits, Size, Need Drilling Prospectors." *Open Source Center* (1 September 2006) <http://www.opensource.gov> (accessed 7 December 2006).

⁶¹ Ibid.

⁶² Jurgen Haacke. "Myanmar's Foreign Policy." 26.

In the beginning of this decade, the PRC helped improve facilities in a number of other Burmese naval bases. China modernized and expanded the naval base at Sittwe located near Bangladesh. Financial support was provided to improve the deepwater port at Thilowa, near Rangoon, by routing the funds through Hong Kong.⁶³ The Mergui naval base located across from the Andaman and Nicobar Islands and the naval facilities in Haingik were also upgraded with the help from the PRC.⁶⁴

All the modernization of the Burmese port facilities comes not from the benevolence of the Chinese government. The port facilities have been improved to accommodate the Burmese Navy, of which most of the vessels have been imported from China. The similar facility designs will make it effortless for PLAN vessels to make port calls in the future.

China remains one of Burma's largest trading partners as well as a political shield. In spite of its recent economic diversification, Burma can ill afford to substantially degrade its economy by offending China. The PRC may use this fact, along with economic incentives, as leverage to coax Burma into opening up its ports to PLAN vessels. China could also give other incentives by offering higher quality military equipment if it does not first cut off Burma's largest supply of military hardware. Ultimately, Burma cannot afford to lose the only friend with a veto power in the United Nations Security Council leaving it politically defenseless against the western nations.

Until the time of China's choosing to gain access to Burmese ports, the PRC will continue to maintain close ties with Burma. The PLAN will persist in constructing and modernizing its naval fleet to defend its homeland as well as secure its sea lines of communication. The PRC will continue to modernize Burmese naval facilities in anticipation of using them for port of calls by PLAN vessels in the foreseeable future.

⁶³ David Fullbrook. "China Paves Way to Myanmar Riches." *Asia Times* (1 November 2006) http://www.atimes.com/atimes/Southeast_Asia/HK01Ae01.html (accessed 20 January 2007).

⁶⁴ Bruce Vaughn and Wayne M. Morrison. *China-Southeast Asia Relations: Trends, Issues, and Implications for the United States* (Washington D.C.: Congressional Research Service, 4 April 2006), 24.

D. PRC FOREIGN POLICY TOWARD BURMA

In 1949, Burma was the first non-communist country to establish relations and publicly recognize the People's Republic of China after the Chinese Communist Party came to power. Since then, the two countries have had a relatively close relationship. Since the 1990s, the PRC has used its influence, especially in the United Nations Security Council, to protect Burma against international criticisms and also provided much needed economic and military assistance. In return, China has been able to gain access to Burma's natural resources, develop trade routes for its southwest provinces (Yunnan and Sichuan) and open lines of communication to the Indian Ocean.

On August 8, 1988, there was a nationwide uprising against the Burmese government. During this "8888" revolt, the PRC was supportive of the military junta and deflected human-rights criticisms from the international community. Beijing prevented the adoption of the first draft resolution condemning the human-rights practices of Burma.⁶⁵ Burma reciprocated by lending its support to China after the Tiananmen Square incident.

Subsequently, another large-scale repression occurred against the Democratic opposition by the Burmese military junta and the United States imposed a stringent embargo on May 20, 1997. The embargo prohibited new investments in Burma by U.S. persons.⁶⁶ Many other Western countries joined the embargo to condemn Burma's human rights violations as well as the repression of the democratic opposition. This effectively isolated the country from the international community and Chinese aid became tantamount to Burma's survival. By 1998, the Burmese reserves fell to US\$90 million and faced a balance-of-payments crisis. China immediately provided a loan of \$150 million to keep Burma's economy afloat.⁶⁷ Since then, China has kept the SPDC a viable entity through many generous aid packages.

⁶⁵ Jurgen Haacke. "Myanmar's Foreign Policy." 26.

⁶⁶ Office of Foreign Assets Control. *An Overview of the Burmese Sanctions Regulations Title 31 Part 537 of the U.S. Code of Federal Regulations* (Washington, D.C.: U.S. Department of the Treasury, 2005), 1. <http://www.treas.gov/offices/enforcement/ofac/programs/burma/burma.pdf> (accessed 17 Feb 07).

⁶⁷ Wayne Bert. "Burma, China, and the U.S.A." *Pacific Affairs* 77, Issue 2 (Summer 2004): 267.

On January 12, 2007, the PRC once again protected Burma by vetoing the UNSC draft resolution to compel the military junta to release all political prisoners, stop the military repression against ethnic minorities and to make progress toward democratic governance.⁶⁸ The United States and the United Kingdom argued that Burma was a threat to the international community due to its widespread drug trade, refugee flow across international borders, and pervasive human rights abuses. China asserted these were sovereign issues and did not pose a threat to the international community.

In return, Burma provided China the much-needed opportunity to develop the landlocked provinces of Yunnan and Sichuan provinces. The infrastructure projects, such as building roads, bridges, and power stations, have helped China penetrate economically into the border regions of Burma.⁶⁹ Chinese companies exploited these opportunities by extracting natural resources, such as lumber, natural gas, minerals, and gem stones, at better than wholesale prices.

Purchase of some of the vast reserves of oil and natural gas has been one of China's most prominent investments in Burma. In January 2006, China signed a memorandum of understanding with Burma to obtain, over a 30-year interval, 6.5 trillion cubic feet of natural gas from the A-1 block of the Shwe gas field located in the Bay of Bengal.⁷⁰ The A-1 block has approximately 10 trillion cubic feet of natural gas and promises to generate upward of US\$12 billion for the Burmese military junta over the life of the gas deposit.⁷¹ The PRC is also interested in developing much of the rest of the 89.7 trillion cubic feet of Burma's natural gas resources to feed its insatiable appetite for energy.⁷²

⁶⁸ Ian Storey. "Burma's Relations with China: Neither Puppet Nor Pawn." *China Brief* 7, Issue 3 (7 February 2007): 7. http://www.jamestown.org/publications_details.php?volume_id=422&issue_id=3997&article_id=2371886 (accessed 9 February 2007).

⁶⁹ John Hill. "Myanmar's Favour in Demand." *Jane's Intelligence Review* (1 February 2002) <http://www8.janes.com> (accessed 29 May 2007).

⁷⁰ "China and India battle for Myanmar's gas." *Petroleum Economist* (May 2006) <http://www.petroleum-economist.com> (accessed 21 February 2007).

⁷¹ William Boot. "Burma: Undisclosed Location of Oil Deposits, Size, Need Drilling Prospectors." *Open Source Center* (1 September 2006) <http://www.opensource.gov> (accessed 7 December 2006).

⁷² Bruce Vaughn and Wayne M. Morrison. *China-Southeast Asia Relations: Trends, Issues, and Implications for the United States* (Washington D.C.: Congressional Research Service, 4 April 2006), 24.

Alignment with Burma has also given Beijing a relatively secure border and an advocate of China in South East Asia. Having an ally in the south allowed the PRC to divert some of its resources that would have gone toward safeguarding its border with Burma. Burma consistently supported China and provided a sympathetic voice in ASEAN and many other related organizations.

The continued good relation with Burma also has the benefit of balancing against India, the regional power in the Indian Ocean. China is apprehensive about being encircled by the West and Burma acts as a valuable buffer state. Burma also provides good locations to monitor Indian naval and air force movements as well as the movements of all the major powers plying the Indian Ocean.

E. PRC ASSISTANCE TO BURMA

Beijing is using diplomatic, economic, and military channels to persuade Burma to open up its naval facilities to the People's Liberation Army Navy. As one of the first countries the PRC established relations with, Burma has enjoyed considerable benefits from a close association with China.⁷³ Beijing will use this close relationship, along with economic and military enticements, to curry Burma's favor for the use of its naval ports.

The "brotherly" relationship between the People's Republic of China and Burma has lasted over the decades and has helped Burma a great deal in times of need. In 1988, the combination of an abysmal economy and crushing of a pro-democracy movement turned Burma into a pariah state. China was the only major power that not only maintained ties with Burma, but strengthened relations across all channels that kept the State Law and Order Restoration Council (SLORC), the ruling military junta, in power.

High-level contacts have been an important part of the diplomatic relationship between China and Burma. As recently as 30 October 2006 during the Nanning Summit between the PRC and ASEAN, Premier Wen Jiabao held a bilateral meeting with

⁷³ Wayne Bert. "Burma, China, and the U.S.A." *Pacific Affairs* 77, Issue 2 (Summer 2004): 264.

Burmese Prime Minister General Soe Win.⁷⁴ They vowed to continue friendly relations without interfering in each other's internal affairs.

Win also thanked the Chinese government for its continual support in the United Nations Security Council. Due to the Chinese veto power, Burma feels relatively secure that the United States and the international community will not be able to authorize UN sponsored military action against the military junta, ostensibly to restore democracy. In return, China gains a friendly voice as well as a supportive vote in the regional forums.

A friendly relationship with China also garnered tremendous economic benefits for Burma over the years. China is Burma's largest investor as well as a steady source of economic aid and low-interest loans. In June 2006, Beijing loaned US\$200 million to Burma that were divided amongst five government ministries.⁷⁵ In February 2006, Burma received a loan of US\$85 million to procure two new oilrigs to extract natural gas.⁷⁶ These loans, along with grants and aid, have helped buoy Burma's stagnant economy.

In addition to aid and loans, Burma has a thriving bilateral trade with China. Burma imports consumer goods, machinery, electrical equipment, construction materials and medicines while China obtains timber, natural gas, and precious stones. China-Burma bilateral trade volume grew from US\$845 million in 2002 to US\$1.209 billion in 2005.⁷⁷ In order to further cultivate this thriving trade, Burma has obtained help from China in constructing a road that connects the Yunnan Province with a port on the

⁷⁴ Ian Storey. "China-ASEAN Summit: Beijing's Charm Offensive Continues." *China Brief* 6, Issue 23 (22 November 2006): 7. http://www.jamestown.org/publications_details.php?volume_id=415&issue_id=3933&article_id=2371670 (accessed 11 February 2007).

⁷⁵ Larry Wortzel. *2006 Annual Report to Congress Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington D.C.: U.S.-China Economic and Security Review Commission, November 2006), 78. http://www.uscc.gov/annual_report/2006/06_annual_report.php (accessed November 30, 2006).

⁷⁶ *Ibid.*, 78.

⁷⁷ Jurgen Haacke. "Myanmar's Foreign Policy." 30.

Irrawaddy River.⁷⁸ In addition to furthering development for Burma, this road will foster more economic growth in the Yunnan Province, one of the interior areas that lag behind the coastal provinces in China.

Chinese engineers are poised to construct a US\$2 billion gas pipeline from Sittwe, Burma to Kunming, potentially relieving the security vulnerability of the tanker fleet transporting the vital oil shipments to China. The gas pipeline is estimated to be complete by 2009 and will relieve the energy requirements of interior China.⁷⁹ The pipeline will diversify Beijing's method of oil transport instead of depending on its vulnerable tanker fleet to transit the Malacca Strait choke point to reach China's east-coast ports.

In its bilateral relationship, Burma can ill afford to lose China as a trading partner, especially in the midst of international economic sanctions. The \$1.209 billion trade with China is a substantial part of the over \$5 billion total trade for Burma.⁸⁰ In contrast, trade with Burma is negligible in comparison to China's total world trade. China even forgave some of its loans to Burma in order to demonstrate good will toward its neighbor. All these acts of good will are investments that build up political as well as economic capital that Beijing may cash in for future concessions, such as the access to naval ports in Burma.

The close political and economic ties between Burma and China also strengthen the Burmese military junta, the State Peace and Development Council, the successor to the SLORC. China is Burma's leading supplier of sophisticated military equipment, including fighter jets, naval vessels, armored personnel carriers and artillery pieces that equal to over 90 percent of arms imported.⁸¹ Beijing has sold over US\$1.6 billion worth of weapons to help modernize and triple the size of Burma's military from just a decade

⁷⁸ Bruce Vaughn and Wayne Morrison. *China-Southeast Asia Relations: Trends, Issues and Implications for the United States* (Washington D.C.: Congressional Research Service, 4 April 2006), 23.

⁷⁹ Wayne Bert. "Burma, China, and the U.S.A." *Pacific Affairs* 77, Issue 2 (Summer 2004): 269.

⁸⁰ Michael Green. *Testimony before the Senate Foreign Relations Committee Subcommittee on Asia Pacific Affairs: The Strategic Implications of the Burma Problem* (Washington D.C.: Center for Strategic and International Studies, 29 March 2006), 6. <http://www.csis.org> (accessed 27 September 2006).

⁸¹ David Steinberg. *Burma: The State of Myanmar*, 174.

ago.⁸² The increase in the size and capabilities of the Burmese military has turned Burma into one of the most militarized states in Southeast Asia. So long as the generals continue to remain friendly to China, Beijing will continue to supply these weapons and military aids. This is a reciprocal relationship since the Burmese generals know that military might is the only thing keeping them in power.

F. BURMESE FOREIGN POLICY TOWARDS THE PRC

1. Economic and Political Diversification

The military junta is beholden to China for its help in consolidating power but Burma remains very nationalistic and will resist attempts to become a client state. The Burmese military junta will continue to favor China for its economic, political, and military benefits but not at the price of losing its sovereignty. Burma's desire to exercise latitude in its foreign affairs is revealed by the military junta bolstering relations with other regional countries.

Burma's admission to ASEAN in 1997 and marked its reentry into the international community. Burma is now a member of many regional and international organizations, including the World Trade Organization, the International Monetary Fund, the Asian Development Bank, and the United Nations. Bilateral trading partners have also expanded to include Thailand, Singapore and many of the Asian countries. In 2004, Thailand alone had 49 private projects in Burma worth US\$1.29 billion and imports from Burma valued at \$1.06 billion.⁸³ Singapore also made US\$1.4 billion worth of investments in 2004.⁸⁴

Today, Burma is pursuing closer economic and political cooperation with India, a regional rival to China. In 1997, India fully funded a 167 kilometer road connecting the

⁸² Larry Wortzel. *2006 Annual Report to Congress Report to Congress of the U.S.-China Economic and Security Review Commission* (Washington D.C.: U.S.-China Economic and Security Review Commission, November 2006), 78. http://www.uscc.gov/annual_report/2006/06_annual_report.php (accessed 30 November 2006).

⁸³ Larry Nicksch. *Burma-U.S. Relations* (Washington D.C.: Congressional Research Service, 22 January 2007), 7.

⁸⁴ Ibid.

city of Moreh in India to Kalembo in Burma with prospects of linking the road all the way to Mandalay.⁸⁵ This road was completed on February 2001 and promised to foster further economic exchange. Trade between Burma and India blossomed from approximately US\$87 million 1990 to \$569 million in 2005 making India the fifth largest trading partner after Thailand, China, Singapore, and the European Union.⁸⁶ India even provided a soft loan of US\$56.35 million to upgrade the Yangon-Mandalay rail connection.⁸⁷

In 2005, the Burmese head of state, Senior General Than Shwe's visit to India was followed by a trip by Burma's Army Chief General Shwe Mann in December of 2006.⁸⁸ In early January of 2007, Indian Foreign Minister Pranab Mukherjee paid a reciprocal visit to Naypyitaw, the new capital of Burma that is still under construction.⁸⁹ Many such high level state official visits have been realized with the benefit of making India an influential voice in Burma. Increasingly cordial relations with India have also helped improve Burma's public image and the regime's legitimacy in the international community.

2. Military Diversification

Burma continues to have close military ties to China but has also expanded relations with other countries. This comes at a time when neighbors have begun courting Burma to reduce China's growing influence. Rangoon skillfully used this to its advantage by creating an atmosphere of competition to acquire larger concessions from the respective countries during negotiations.

⁸⁵ "Indian President APJ Abdul Kalam's Recent Visit to Myanmar." *Indian Defence Review* 21, Issue 1 (1 Jan – 31 Mar 2006): 53.

⁸⁶ Sudha Ramachandran. "India Gains Little from Courting Myanmar." *Asia Times* (20 January 2007) http://www.atimes.com/atimes/South_Asia/IA20Df01.html (accessed 20 January 2007).

⁸⁷ Jürgen Haacke. "Myanmar's Foreign Policy." 35.

⁸⁸ Nava Thakuria. "India Strengthens Military Ties with Burma." *Asia Sentinel* (22 January 2007) http://asiacentinel.com/index.php?option=com_content&task=view&id=348&Itemid=31 (accessed 26 February 2007).

⁸⁹ Ibid.

Various bilateral agreements have garnered additional hardware to continue its military upgrade and diversification of its weapon suppliers. India's rapprochement in the form of "constructive engagement" allowed Burma to obtain sophisticated weapons, such as tanks, helicopters, and radars. In return, Burma agreed to help India with the insurgency problems in their border areas.

In January 2006, Burma deployed an indigenously built missile corvette to participate in the Milan naval exercise, a multilateral, biannual exercise hosted by India.⁹⁰ It was the first time in decades that Burma has deployed any of its naval vessels beyond its territorial waters. This shows that Burma is getting closer to India militarily and that its naval force is beginning to mature.

Ukraine, Israel and even South Korea have been known to supply arms to the military junta. South Korea furnished military equipment and helped construct an artillery munitions factory worth US\$133.8 million within Burma.⁹¹ In 2001, Russia sold air defense systems and 10 MiG-29 state-of-the-art fighter aircraft that surpassed the Chinese aircraft sales in terms of technological sophistication.⁹² Although technologically superior, the number of weapon systems sold to Burma does not come close to the volume contributed by China.

3. Prospect for PLAN Access to Burma

Burma's close relationship with the People's Republic of China allowed the military junta to intensify its hold on power as well as circumvent Western sanctions. The military junta has since become wary of China's considerable influence in Burma. To attenuate China's growing influence, Burma became adept at creating ties with other nations and played them off each other for extra concessions. Even with these new ties, the PRC remains Burma's principal friend and benefactor in the region. Burma is

⁹⁰ "Myanmar Joins Multilateral Naval Exercise to Court India's Favour." *Jane's Intelligence Watch Report* (11 January 2006).

⁹¹ David Fullbrook. "Burma's Generals on a Buying Spree." *Asia Sentinel* (18 December 2006) http://www.asiasentinel.com/index.php?option=com_content&task=view&id=309&Itemid=31 (accessed 27 February 2007).

unlikely to give up the economic and political benefits derived from this friendship, even at the cost of allowing PLAN vessels to make port calls.

Today, China represents Burma's fourth largest trading partner. China is also the number one exporter of military arms to Burma. More than US\$2 billion worth of arms have been transferred to Burma in less than two decades. The Burmese military junta remains in power because of the stability provided by the military with modern arms procured predominantly from China. Although sources of arms have been diversified, China remains the most important source that cannot easily be replaced in the foreseeable future.

Chinese funds and technical expertise have allowed Burma to greatly improve the infrastructure of its naval bases, such as Sittwe, Mergui, St Luke's Island, and the Coco Island, that are strategically located along Burma's coastline. All the modernizations of Burma's naval installations will benefit the Chinese Navy if permission is given for the PLAN to make port calls in Burma. The precedent has already been set for allowing port calls by PLAN vessels. In May 2001, a Chinese submarine was allowed to make a port visit to Sittwe in northwestern Burma.⁹³ Access to Burmese ports by PLAN vessels will be seen as simply another price to pay to gain even more benefits from China to further the military junta's grip on Burma. Given the tremendous reliance on China for military, economic and political assistance, Burma is likely to give deferential treatment to China to avoid losing Beijing's favor and the associated benefits.

⁹² "External Affairs, China." *Jane's Sentinel Security Assessment* (27 January 2006) <http://www8.janes.com> (accessed 31 January 2007).

⁹³ "Port Calls to Burma Stoke Tension." *Far Eastern Economic Review* 164, Issue 18 (10 May 2001) <http://www.feer.com> (accessed 27 February 2007): 11.

III. PEOPLE'S LIBERATION ARMY NAVY MODERNIZATION

In the past twenty years, People's Liberation Army Navy not only expanded but also modernized to rival some of the more powerful navies in the region and even around the world. Five new classes of submarines, eight new classes of surface combatants and three new types of amphibious landing crafts with numerous additional supply ships constitute one of the most aggressive naval modernizations in the world. The expansion of China's shipbuilding industry (SBI) also contributes to PLAN's endeavor to design and construct better naval vessels. No longer is the PLA Navy relegated to coastal defense but was given the mandate to gain the ability to project force away from its littoral. This chapter will examine the modernization effort of PLAN and how it will contribute to the security of China's sea lines of communication.

A. THE NECESSITY TO MODERNIZE THE PLA NAVY

The reliance on imported oil imbued the PLAN with a mission that dictated the necessity for increased power projection capabilities.⁹⁴ In the 1990s, China began aggressive modernization of the People's Liberation Army Navy to enhance capabilities beyond that of coastal defense. Although PLAN is the smallest of China's armed services comprising not more than 13 percent of the over two million military personnel, it garners one third of the PLA budget.⁹⁵ Today, the PLAN is evolving towards a navy that can project power across the ocean. The added capacity of the naval facilities in Burma will allow the PLAN to traverse the vast distances required to guarantee the safe passage of China's imported oil along the sea lines of communication.

In the early 1990s, the PLAN was no more than a collection of mostly small naval vessels that could just protect its own littoral. The majority of China's armed forces were focused landward along its numerous borders and there was no impetus to divert precious

⁹⁴ The added power projection capability also benefits China's maritime security, allow military presence in the territorial disputes in the South China Sea and give power and prestige to the rising power in the international arena. The PLAN has also been used to advance confidence-building measures around the world via increasing number of port visits and foreign military exchange programs.

⁹⁵ Bernard Cole. *The Great Wall at Sea* (Annapolis, MD: Naval Institute Press, 2001), 68.

resources toward the smaller naval service with little apparent benefits. Only when China's economy had taken off did the military look at its navy as having a strong justification for force modernization. The fantastic economic growth of the past few decades was, and still is, concentrated along the coastal areas at the same time China increasingly relies on overseas trade and offshore energy imports.⁹⁶ The PLA Navy is responsible for ensuring the unhindered maritime trade and delivery of the vital energy during times of conflict or other contingencies. When necessary, the PLA Navy will be dispatched away from its littorals to "meet the enemy away from its border to protect its economic and political centers."⁹⁷

The relative backwardness of the PLA Navy was brought to light when the Chinese military establishment carried out a study of the U.S. capabilities after the first Gulf War. The spectrum of technological sophistication employed by the U.S. armed forces prompted Beijing to seek outside technology as a temporary solution until China could produce its own comparable high-tech weapons, such as the Sovremenny-class destroyers and the Kilo-class submarines. The requirement for a more technologically sophisticated navy was reinforced when the PLAN could hardly challenge the deployment of two U.S. aircraft carrier battle groups off the Taiwan straits during the 1996 Taiwan Strait Crisis.⁹⁸

B. THE ROLE OF PLAN IN CHINA'S ENERGY SECURITY

China no longer subscribes to the notion of self-sufficient domestic production of energy and diversified its external sources to ensure sufficient flow of energy to fuel its growing economy. China depends heavily upon the sea lines of communication to support the seaborne trade and energy imports, increasing the significance of SLOC security. The United States currently provides security for the world's sea lines of

⁹⁶ Bernard Cole. *The Great Wall at Sea*, 180.

⁹⁷ James Mulvenon, Murray Tanner, Michael Chase, David Frelinger, David Gompert, Martin Libicki, and Kevin Pollpeter. *Chinese Response to U.S. Military Transformation and Implications for the Department of Defense* (Santa Monica, CA: RAND Corporation, 2006), 45.

⁹⁸ "Taiwan Strait." *Globalsecurity.org* (27 April 2005)
http://www.globalsecurity.org/military/ops/taiwan_strait.htm (accessed 19 April 2007).

communication and China does not openly challenge the U.S. control lest it leads to degradation of its economy. With the U.S. providing the costly security of the SLOCs, the PLAN is using the time to modernize in order to deal with future contingencies to include the possibility of another power disrupting the flow of energy imports.

In addition to defending the sovereignty of China, to include the Taiwan dilemma, the PLAN's primary role is to protect the vital energy imports that feed the insatiable appetite of the Chinese economy. Today, there is no urgent requirement to provide dedicated security for the tankers transporting the imported oil, thanks to the relatively stable international environment. The PLA Navy is being used as a tool of diplomacy by making strategic port visits to demonstrate China's rising power status around the world, especially in support of gaining access to energy supplies.

At the same time, Beijing is optimizing the PLA Navy's ability to control or forcibly retake the key chokepoints along China's extended sea lines of communication. This will act as a deterrent for any power that may have designs of obstructing the flow of energy to China. Although Beijing is careful to not antagonize the United States and its allies, China is preparing for the time when the U.S. security guarantee of the SLOCs may be withdrawn. Until the time PLAN gains the capability to escort the tankers across the ocean on its own, naval facilities in Burma represent the next best option to project power into the Indian Ocean to ensure the continued flow of energy imports.

C. SUBMARINES

The submarine is a lethal warship designed to operate underwater without detection that allows a relatively cheap weapon system to coerce a large body of water. Due to its apparent military value, the submarine comprises a formidable force that is leading the modernization plan of the PLA Navy. PLA Navy is continuing with the ambitious, simultaneous development of five different classes of submarines. They are armed with a myriad of advance torpedoes, assorted cruise missiles and even ballistic missiles that could be equipped with nuclear warheads.

Four classes of the submarines are produced indigenously while eight Kilo-class conventional attack submarines are being purchased from Russia.⁹⁹ Of the four domestically produced submarines, two of them are nuclear-powered designs, the Jin class ballistic missile submarine and the Shang class attack submarines. The Yuan and the Song classes of submarines, both conventional Kilo class equivalent, round out the new set of submarines being produced or acquired by the PLAN.

The current strength of approximately 70 submarines will be upgraded with up to the third-plus-generation submarines and by the end of the decade, PLAN forces may consist of 40 additional new submarines that will replace the aging fleet.¹⁰⁰ Although much of the submarine technology is old by U.S. standards, the capabilities of China's submarine fleet is still formidable and remain potent as part of the navy's force projection capabilities.

D. SURFACE COMBATANTS

Concurrent with the modernization of the submarine forces, the capabilities of the PLAN surface combat ships are also being vastly upgraded. Since the beginning of the 1990s, China purchased four Sovremenny -class destroyers from Russia in addition to indigenously building and deploying eight new classes of destroyers and frigates.¹⁰¹ The last of the four Russian built Sovremenny-class destroyers, designed specifically to counter the U.S. carrier battle groups and the Aegis destroyers was delivered to China on 28 September 2006.¹⁰² The Sovremenny -class destroyers bring to the PLAN a longer cruising range as well as more lethal weapon systems that will act as a stopgap until more capable indigenous designs become available. Smaller crafts with high technology advance hull design are also emerging in China's fast attack craft inventory that will enable China to better protect its littoral.

⁹⁹ Ronald O'Rourke. *China Naval Modernization*, 7.

¹⁰⁰ Richard Fisher Jr. "China's Submarines Pose Regional Threat." *Armed Forces Journal* 143, no. 8 (March 2006): 33.

¹⁰¹ *Ibid.*, 12.

¹⁰² Nikolai Novichkov. "China Accepts Final Sovremenny." *Jane's Navy International* (1 November 2006) <http://www8.janes.com> (accessed 17 April 2007).

1. Aircraft Carriers

An aircraft carrier represents the epitome of power projection capability. With a complement of combat aircraft and helicopters, the aircraft carrier can project air power almost anywhere in the world without the dependence on bases ashore. On March 2006, Lt. General Wang Zhiyuan, one of the leaders in the Science and Technology Committee of the General Armaments Department, was quoted in the Hong Kong newspaper *Wen Wei Po* as saying “The Chinese army will conduct research and build an aircraft carrier and develop our own aircraft carrier fleet.”¹⁰³ Although there are strong desires to operate an aircraft carrier, the reality is that Beijing does not have the means or the technical expertise to develop an indigenous aircraft carrier in the near future.

There have been some attempts by Beijing at gaining the requisite knowledge to build and operate its own aircraft carrier. In the 1980s through 1990s, Beijing bought three used aircraft carriers, the Melbourne from Australia, the Minsk and the Kiev from Russia.¹⁰⁴ Although Chinese technicians have studied these ships, all three have been relegated to obscurity by being turned into floating military theme parks attracting tourists.¹⁰⁵ In 2002, Beijing bought the partially complete carrier Varyag from the Ukraine and had it repainted by the end of 2005 with no other apparent major works done to make it sea worthy.¹⁰⁶ Even if the Varyag was operational, the PLAN does not have the necessary command and control architecture or adequate escorts to provide security for the unwieldy carrier.

2. Sovremenny-Class Destroyers

The Sovremenny-class destroyer is the PLA Navy’s most advanced surface combatant. It is a Soviet built multi-role missile destroyer that exceeds the comparable indigenous Chinese designs, yet is still about one generation behind the capabilities of the

¹⁰³ Jane’s. “Navy, China.” *Jane’s Sentinel Security Assessment* (20 October 2006) <http://www8janes.com> (accessed 18 April 2007).

¹⁰⁴ Richard Fisher Jr. “Global Ambitions.” *Armed Forces Journal* 143, no. 10 (May 2006): 32.

¹⁰⁵ Jane’s. “Navy, China.”

¹⁰⁶ Ibid.

U.S. Navy destroyers. The Sovremenny-class destroyers allow for extended high-speed deployments, approximately 30 knots, with high endurance that is two to three times the capabilities of the Chinese built destroyers.¹⁰⁷

The sovremenny is armed with eight SS-N-22 Sunburns, a ram-jet propelled, supersonic, sea-skimming anti-ship cruise missile that has a range of 120km and poses a tremendous threat to the U.S. carrier battle group.¹⁰⁸ In addition, it is also armed with torpedoes, 130mm guns, and the highly effective SAN-17 “Grizzly” semi-active radar-guidance intermediate-range air defense missiles that will be able to provide protection against air attacks for the Chinese fleet.¹⁰⁹ The lack of adequate air defense for the Chinese fleet had been a grave weakness of PLAN but the addition of the Sovremenny-class destroyers and the improving capabilities of the other warships should strengthen the Chinese fleets’ ability to defend themselves against air attacks. With four Sovremenny-class destroyers in its inventory, the PLAN gains a significant boost in its ability to project naval power and, when necessary, to launch strikes against the feared U.S. aircraft battle groups.

3. Indigenously-Built Surface Naval Combatants

The bulk of the PLAN’s major surface combatants consist of a variety of destroyers and frigates that are either aging or already obsolete. The PLAN is well on its way to replacing this aging fleet with a new generation of warships that incorporate much more capable air defense, antisubmarine, anti-ship, and improved replenishment-at-sea capabilities. These surface naval combatants are designed to conduct coordinated attacks in conjunction with the formidable submarine fleet to penetrate the defenses of even the strongest carrier battle group.

¹⁰⁷ “Sovremenny.” *Federation of American Scientists* (20 March 2000) <http://www.fas.org/man/dod-101/sys/ship/row/plan/sovremenny.htm> (accessed 17 April 2007).

¹⁰⁸ Jane’s. “Navy, China.”

¹⁰⁹ “Sovremenny.” *Federation of American Scientists*.

In the PLAN's drive for modernization, the emphasis has been on improving the surface combatant's long-range anti-ship strike, anti-submarine, and air-defense capabilities. The PLAN will satisfy this requirement by the induction of indigenously built five new classes of destroyers and three new classes of frigates in addition to the procurement of the Sovremenny-class destroyers. Of these, the Luyang I, Luzhou (both destroyers), and the Jiangkai (frigate) classes employ stealth shaping to minimize radar acquisition by the PLAN's future adversaries.¹¹⁰

According to the International Institute for Strategic Studies (IISS), there are currently 28 destroyers and 48 frigates in the PLA Navy on active service.¹¹¹ Approximately a third of these surface combatants constitute the most advance platforms stemming from the modernization efforts.¹¹² The older destroyers and frigates are expected to be replaced by the more capable new platforms as they become available. In the meantime, the older warships are being upgraded with new guns, electronics, and improved anti-ship missiles to extend the usefulness of the bulk of the surface combatants. The older ships are also retrofitted with the required equipment to transfer fuel and supplies while underway, enabling them to make longer voyages to add to the power projection capabilities of the PLA Navy.

China is also strengthening its mine countermeasure capabilities, the weakest link in PLAN, by building a new platform called the Wozang. The first Wozang-class ship was commissioned in 2005 and ten to fifteen additional platforms will be delivered to allow augmentation of the aging anti-mine ships.¹¹³ The PLAN currently maintains a

¹¹⁰ Jane's. "Procurement, China." *Jane's Sentinel Security Assessment* (22 March 2007) <http://www8.janes.com> (accessed 18 April 2007).

¹¹¹ Cathy McLaren. "The Military Balance." *International Institute for Strategic Studies* 107, no. 1 (February 2007): 348.

¹¹² "Chinese Defence Today: Naval Vessels." *Sinodefence.com* (2007) <http://www.sinodefence.com/navy/default.asp> (accessed 19 April 2007).

¹¹³ Ronald O'Rourke. *China Naval Modernization*, 16.

fleet of 64 mine countermeasure ships.¹¹⁴ The addition of the more advance mine countermeasure ships will shore up the PLA Navy's vulnerabilities against any potential adversary's mine warfare capabilities.

4. Fast Attack Craft and Coastal Defense

The fast attack crafts are relatively small offensive ships designed to employ anti-ship weapons, such as torpedoes and anti-ship cruise missiles. They make up the bulwark of the PLA Navy to defend the long coastline against any external or internal threats. Since they are not large, the fast attack crafts are typically confined to defense of the mainland within the littoral area of China.

The modernization effort is led by the building of a new class of high-speed fast attack craft based upon the catamaran hull that incorporates stealth technology, exceeds 30 knots and armed with eight sea skimmer missiles along with defensive guns.¹¹⁵ The wave-piercing catamaran fast attack craft was designated as the Houbei class and full production is underway in at least six production facilities to build the first consignment of approximately 40 crafts.¹¹⁶ These Houbei class vessels will significantly upgrade the capabilities of the aging fleet of China's fast attack craft inventory. According to the IISS, there are 242 patrol and coastal combatants in the PLA Navy's inventory.¹¹⁷ While waiting for the new Houbei vessels to augment the aging fast attack fleet, the armaments, propulsions, and electronics will be upgraded to extend the useful life of the coastal defense fleet.

E. AMPHIBIOUS FLEET

Inherent to power projection is the capability to conduct amphibious operations to put combat power ashore. The PLAN is increasing the ability to transport troops and

¹¹⁴ Cathy McLaren. "The Military Balance." 349.

¹¹⁵ Jane's. "Navy, China."

¹¹⁶ Jane's. "Houbei Class (Fast Attack Craft-Missile) (PGGF)." *Jane's Fighting Ships* (29 January 2007) <http://www4.janes.com> (accessed 18 April 2007).

¹¹⁷ Cathy McLaren. "The Military Balance." 348-349.

heavy equipment by boosting the capacity of the fleet of amphibious ships and landing crafts. Three new classes of amphibious platforms were introduced in 2003 and PLAN has added 19 new amphibious ships and 10 new amphibious landing crafts to its inventory.¹¹⁸ This brings the total of PLAN's amphibious capabilities to 73 large landing ships and 160 smaller landing crafts that, in a perfect world, could transport 620 tanks and 15,000 troops in a short amount of time.¹¹⁹ The probability of actually embarking such a high number of troops and equipment is highly dubious since most may not even be seaworthy due to their old age, circa 1960s and 1970s, and probable lack of maintenance and consistent employment. Given time, the PLAN will be able to upgrade its amphibious fleet to allow it to conduct amphibious operations on a large scale.

F. UNDERWAY REPLENISHMENT FLEET

In addition to modernizing the combat naval vessels, China is steadily improving its ability to refuel and re-supply its long-range maritime operations. The capability to replenish while underway at sea increases the endurance and power projection of the naval combatants. Most PLAN combat vessels now carry the requisite equipment to transfer fuel and supplies underway. The limitation is in the lack of adequate number of underway replenishment vessels to consistently service the expanding PLAN warships.

The PLA Navy operates a wide variety of logistics and support ships ranging from repair to research but only maintained three underway replenishment vessels.¹²⁰ Until recently, only one of these ships was a true multi-product replenishment ship able to dispense fuel, supplies, and munitions to warships on the move while the other two were simply tankers that dispensed fuel. In 2005, the PLA Navy gained two additional ships that could sustain a task group of various sizes named the Qiandaohu and Weishanhu.¹²¹ The addition of these ships nearly triples the capability to simultaneously

¹¹⁸ Ronald O'Rourke. *China Naval Modernization*, 15.

¹¹⁹ Anthony Cordesman and Martin Kleiber. *Chinese Military Modernization and Force Development* (Washington D.C.: Center for Strategic and International Studies, 7 September 2006), 68.

¹²⁰ *Ibid.*, 63.

¹²¹ "Qiandaohu Class Fleet Replenishment Ship." *Sinodefenc.com* (6 November 2005) <http://www.sinodefence.com/navy/support/qiandaohu.asp> (accessed 18 April 2007).

refuel and re-supply the surface combatants but is still far from being able to allow a sizable fleet to operate far from homeport. Until the PLAN can either build or acquire many more of these underway replenishment ships, the surface combatants will have to either not deploy as far or depend on host ports such as the ones found in Burma.

G. SHIPBUILDING INDUSTRY

The advent of the new classes of warships provides evidence of China's shipbuilding industry's expansion and modernization. Imported technologies, improved management skills and modern design techniques have improved the level of capabilities and capacities of China's thriving shipyards.¹²² Better efficiencies, skills and sophistications in designs enabled more seaworthy and reliable naval vessels. While the Chinese shipbuilding industry is not producing systems that can rival the finest vessels of the United States, they do match the capabilities of the bulk of the aging U.S. Navy fleet.¹²³

The Chinese shipbuilding industry is expanding its capabilities and capacities of existing shipyards as well as building new and modern yards. By 2010, China intends to open its new, colossal shipyards in Changxing and Chongming Islands that will consolidate many of China's oldest and largest shipyards around Shanghai to enhance its economy of scale.¹²⁴ These massive shipyards will be able to assemble the very large crude carrier (VLCC) vessels that weigh in at over 300,000 dead weight tons and represent the largest of the commercial seagoing ships.

This means, PLAN may yet gain the capabilities to build capital ships, such as the cruisers and aircraft carriers. Currently, China has eight shipyards that can build the VLCC vessels and another four may be operational in less than two years. In comparison, South Korea and Japan, the top two shipbuilders, have 17 and 12 VLCC

¹²² Evan Medeiros, Roger Cliff, Keith Crane and James Mulvenon. *A New Direction for China's Defense Industry* (Santa Monica, CA: RAND Corporation, 2005), 140.

¹²³ Roger Cliff. "Advances Underway in China's Defense Industries." *Testimony presented before the U.S.-China Economic and Security Review Commission on March 16, 2006* (Santa Monica, CA: RAND Corporation, 2006), 4.

facilities, respectively.¹²⁵ Plentiful labor resources and enhanced competitiveness has brought tremendous success in China's SBI expansion and modernization. China has an ambition to become the leading shipbuilding industry by 2015.¹²⁶

Many of the Chinese shipyards have technical-cooperation agreements with leading foreign shipbuilding firms that allowed China to acquire high-efficiency processing facilities, advanced production technologies, and other technologies through purchasing, licensing, and consignment.¹²⁷ An example of the successful integration of these advance technologies into improvement of naval design and production is the evolution of the Luyang classes of destroyers. The Luyang I 052B and Luyang II 052C-classes of destroyers are being built at Jiangnan using modular construction techniques and computer-aided design and manufacturing systems.¹²⁸ The hulls are larger than the previous Luhai class and allow larger weapons capacity, provide a more stable platform and versatility for future upgrades. The first Luyang II destroyer was built in 10 months and commissioned in less than 25 months, a speedy process by today's standards.¹²⁹ Overall, it only took four years to complete two 052B-class and one 052C-class destroyers with the second one near completion, compared to an entire decade to build one Luhai and one Luhai destroyers in the 1990s.

In addition to building the ships, the PRC is also developing and modernizing its shore facilities to service and repair the commercial and naval fleets. The PRC anticipates operating 2,000 ports with an annual servicing capacity of over one billion tons vice 600 million tons with 1,300 ports from a decade ago.¹³⁰ The commercial fleet also has another, often overlooked, significant contribution to the PLAN. Approximately

¹²⁴ Evan Medeiros, Roger Cliff, Keith Crane and James Mulvenon. *A New Direction for China's Defense Industry* (Santa Monica, CA: RAND Corporation, 2005), 129.

¹²⁵ Medeiros et al., *A New Direction for China's Defense Industry*, 129.

¹²⁶ P.T. Bangsberg. "China bolsters Ship Building, Repairs." *The Journal of Commerce* (13 July 2004): 1.

¹²⁷ Thomas Kane. *Chinese Grand Strategy and Maritime Power*, 141.

¹²⁸ Ibid., 130.

¹²⁹ Richard Fisher Jr. "PLAN for Growth." *Armed Forces Journal* 143, no. 9 (April 2006): 32.

¹³⁰ Thomas Kane. *Chinese Grand Strategy and Maritime Power* (Portland, OR: Frank Cass Publishers, 2002), 99.

72 percent of the commercial fleet is registered under the Chinese flag and in time of war, the commercial industry could reinforce PLAN with ships and sailors.¹³¹

Although the future looks bright, there are weaknesses in the shipbuilding industry that could hamper PLAN's modernization efforts. Chinese SBI has had to confront frequent difficulties in producing quality and technological sophisticated subsystems for its commercial as well as the naval vessels. Key components, such as the propulsion systems, navigational equipment, electronic sensor suites and major weapon systems had to be imported from foreign vendors to outfit the newest naval platforms.¹³² All the new destroyers depend on the advanced combat control systems that are data linked via the Russian Mineral-ME system. The Luhai destroyer, launched in 1997, incorporated Ukrainian GT25000 GAS-turbines as well as the German MTU 12V 1163TB83 diesels.¹³³ Many times, systems-integration challenges cropped up during installations of these imported components and hampered production schedules. Heavy reliance on foreign components also produces security concerns for PLAN. Understandably, PLAN would like to control these key supplies if ever there was a conflict.

In the last two decades, China's shipbuilding industry blossomed to become the third largest in the world with promises of even greater growth and prosperity. The incorporation of advance manufacturing and management techniques, along with importation of advance technology in the shipbuilding industry, are helping in constructing state of the art warships. The view of the Chinese navy as only a coastal force has long faded and the People's Liberation Army Navy is gaining prominence as a tool of the state. The PLAN can now deploy its combatants to far reaches in the region and will be able to ply the Indian Ocean with the help of naval facilities in Burma.

¹³¹ Thomas Kane. *Chinese Grand Strategy and Maritime Power*, 99.

¹³² Ronald O'Rourke. *China Naval Modernization*, 20.

¹³³ Richard Fisher Jr. "PLAN for Growth." 30.

IV. REGIONAL IMPLICATIONS

The Asia-Pacific region is characterized by growing economic power and relative political stability with governments ranging from democracies to authoritarian regimes. The region contains eight of the ten largest economies, two of the most populous nations and eight of the world's ten largest military forces.¹³⁴ Even with these vast capabilities and opposing principles of governance, there has not been a major armed conflict in the region in the last quarter of a century. This is due in part to the interdependence of the various nations of the Asia-Pacific region as well as the security umbrella provided by the United States that enables many countries in the region to prosper.

This chapter will address the potential effects of, and regional reactions to, the significant increase in PLAN's capabilities that would result from access to naval facilities in Burma. The Asia-Pacific region continues to rely on the United States to provide security and freedom of navigation for the sea lines of communication that are essential for regional and international trade. With the exception of India and Russia, most countries in the Asia-Pacific region are unable to project naval power beyond their littorals. If the PLAN gains access to naval facilities in Burma and begins patrols along its sea lines of communications, this will give rise to new security dilemmas throughout the region.

The following three scenarios, promoting regional cooperation, more resources to combat piracy, and sharing the burden of the Asia-Pacific maritime security, represent ideal visions of an expanded Chinese naval presence through the use of Burma's naval facilities. These visions will be followed by counterarguments that demonstrate that the ideal visions do not represent reality in its entirety. The implications of China's access to Burma's naval facilities are much more complex and the reactions and the ramifications of the regional powers will be assessed.

¹³⁴ Michael Connors, Remy Davison and Jorn Dosch. *The New Global Politics of the Asia-Pacific* (New York, NY: Routledge Curzon, 2004), 1.

A. PLAN EXPANDED PRESENCE GOOD FOR THE REGION

The People's Republic of China has been astute in its interactions with the regional neighbors since its climb up the economic and military development ladder in the early 1990s. The PRC engaged most of the regional powers in bilateral as well as the multilateral organizations and forums to forestall anxieties about China's rise in power. By promoting greater engagement, the People's Republic of China is signaling to the region that China can contribute substantially to the overall security and economic prosperity of the Asia-Pacific region, especially with its added capability to deploy its naval forces well into the Indian Ocean.

1. Promoting Regional Cooperation

The Asia-Pacific encompasses large bodies of water along with critical sea transportation routes that are vital for economic development of many diverse countries. The United States is the uncontested naval power providing overarching security guarantee for the freedom of navigation in the Asia-Pacific region. The PRC, with its significant resources, could assist the United States as well as the rest of the Asia-Pacific naval powers in providing security and stability throughout the region by promoting regional cooperation.

The PRC has been expanding its role in security cooperation by participating in various regional security forums to include the ASEAN Regional Forum (ARF) and the Council for Security Cooperation in the Asia-Pacific (CSCAP). In 2003, China strengthened ties with ASEAN by signing the "Treaty of Amity and Cooperation" that "renounces the use of force and calls for greater economic and political cooperation."¹³⁵ China also made strides in maritime security by participating in the writing of the memorandums on such topics as cooperation for regional maritime cooperation,

¹³⁵ "China Joins Treaty of Amity, Cooperation in Southeast Asia." *People's Daily* (9 October 2003) http://english.people.com.cn/200310/08/eng20031008_125556.shtml (accessed 26 March 2007).

cooperation for law and order at sea and concepts of comprehensive security in the CSCAP forums that brought together such diverse nations as India, Japan, North Korea, and the United States.¹³⁶

In addition to multilateral security initiatives, China inculcated itself into the region through many bilateral arrangements that have raised China's influence in the region. Various high-ranking Chinese leaders either host or attend numerous summits and high level meetings with equivalent ranking officials from the regional countries throughout each year. In September 2004, the International Department of the CCP hosted 350 delegates from 81 political parties from 35 Asian countries that included eight heads of state.¹³⁷ China even improved bilateral relations with nations that it has had hostile relations in the past. Examples include Vietnam, India, and South Korea. The PLAN also conducts a number of bilateral exercises with many of the Asian countries that emphasizes maritime search and rescue operations and professional exchanges. In addition, naval vessels from many of the Asia-Pacific countries have paid port visits to China as well as reciprocal goodwill cruises by PLAN vessels.

2. More Resources to Combat Piracy

The Asia-Pacific region is faced with the concentration of high incidences of seaborne piracy that threaten to disrupt the traditional sea lines of communication that flow through the Strait of Malacca. In 2006, seaborne piracy accounted for the loss of millions of dollars in worldwide trade. The relatively narrow straits in the commercial sea-lanes allow the pirates to prey on slow cargo ships with near impunity. Although the sea lines of communication are routinely patrolled by the United States Navy, more naval assets and close cooperation between littoral countries in the Straits are required to combat this menace.

¹³⁶ "CSCAP Publications." *CSCAP* (31 March 1999) <http://www.cscap.org/publications.htm> (accessed 26 March 2007).

¹³⁷ David Shambaugh. "China Engages Asia." *International Security* 29, no. 3 (Winter 2004/05) 79.

The worldwide reported piracy attacks decreased to 239 in 2006 compared to 276 in 2005.¹³⁸ Although the total numbers of reported attacks have gone down, most of the attacks remain in the Asia-Pacific region. Indonesia alone accounted for fifty pirate attacks in 2006 and eleven attacks even occurred within the Strait of Malacca.¹³⁹ This poses danger not only for merchant ships but for oil tankers transporting vital energy supplies to China.

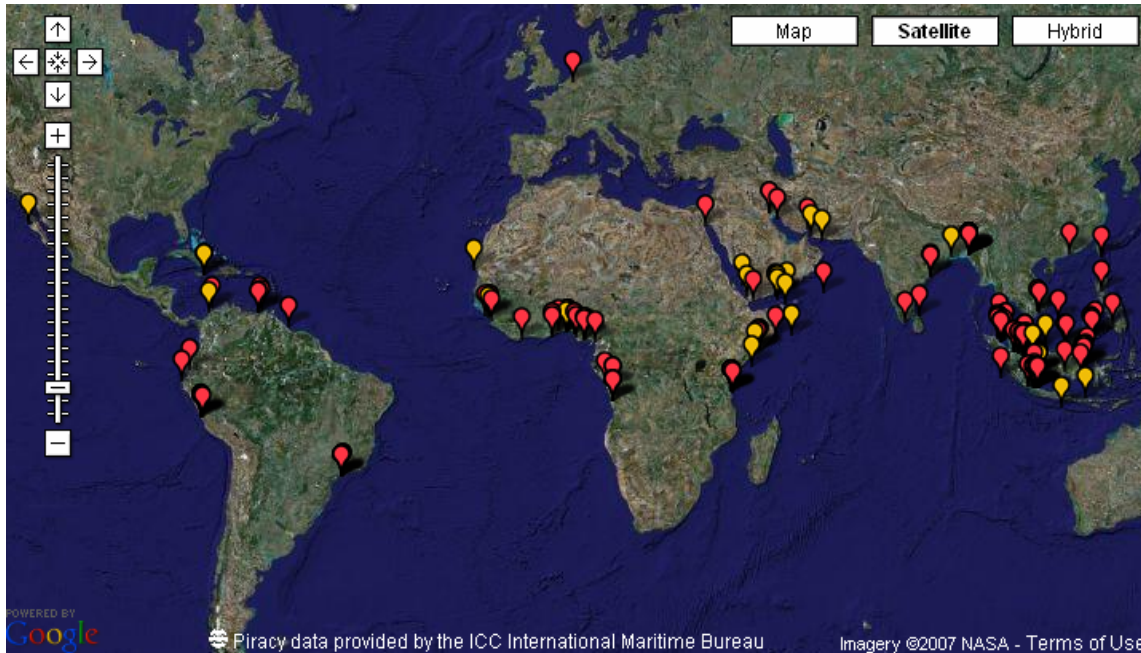


Figure 2. IMB 2006 Piracy Map highlights the concentration of piracy in the vicinity of the Malacca Strait¹⁴⁰

With PLAN vessels' cruising range extended through access to Burma's ports, China would be able to contribute greatly to the security of the Malacca Strait through

¹³⁸ ICC International Maritime Bureau. *Piracy and Armed Robbery Against Ships Annual Report 1 January – 31 December 2006* (Barking, United Kingdom: International Chamber of Commerce, January 2007) <http://www.nepia.com/fin/modules/Library/assets/IndustryNews/Documents/2007/January/230107%202006%20Annual%20IMB%20Piracy%20Report.pdf> (accessed 27 March 2007), 5.

¹³⁹ Ibid., 5.

¹⁴⁰ "IMB Live Piracy Map 2006." ICC International Maritime Bureau (2007) <http://www.icc-ccs.org/extra/display.php?yr=2006> (accessed 27 March 2007).

increased military presence to deter further acts of piracy. The three littoral countries, Indonesia, Malaysia, and Singapore, have limited naval and air assets that prevent adequate patrol of the Strait of Malacca and the surrounding waters. The additional Chinese naval vessels transiting through the Strait of Malacca could bolster the number of naval combatants in the fight against piracy in and around the Strait of Malacca.

Although China is not in the immediate vicinity of the Strait of Malacca, it still relies on the strait as a conduit for its economic and strategic products just as much as Japan, South Korea and other developed and developing countries in East and Southeast Asia. Regional engagement can be expanded to include PLAN vessels participating in joint anti-piracy maneuvers that will aid the littoral states fend off the threats from pirates. The PRC can substantially increase its participation in the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), a regional agreement that promotes collaboration to stamp out piracy and armed robbery in Asia.¹⁴¹ Joint operations can also be coordinated between the United States Navy and the PLAN to profile the commitment of the respective countries against the tyranny of piracy.

3. Sharing the Burden of the Asia-Pacific Maritime Security

The United States Navy invests significant resources and manpower in the operation and deployment of its largest fleet, the 7th Fleet, to patrol and provide a stabilizing presence in the Asia-Pacific region. With eight of the world's ten largest military forces and a diverse political governance concentrated in the Asia-Pacific region, the 7th Fleet has a daunting task of maintaining stability and security in the high seas as well as the narrow straits to allow free flow of trade that is vital to the world. The PLAN could assist by cooperating with the U.S. Navy in patrolling the immense regional expanse of water at the same time demonstrate China's willingness to promote peace and stability.

¹⁴¹ "Welcome to ReCAAP." *The Regional Cooperation Agreement On Combating Piracy And Armed Robbery Against Ships In Asia* (March 2007) <http://www.recaap.org/publish/recaap/index.html> (accessed 27 March 2007).

The Pacific and the Indian Oceans encompass over 54 million square miles that is patrolled by only 40-50 naval combatants from the U.S. 7th Fleet, of which 18 naval vessels are forward-deployed to Guam and Japan.¹⁴² These 18 vessels form the most visible part of the U.S. naval presence in the Asia-Pacific region, not to mention they reduce the transit time by over a week from the continental United States. The PLAN already deploys regularly in the South China Sea and can help the United States by augmenting and expanding the naval patrols to maintain peace in the region.

B. COUNTERARGUMENT: HAZARDS TO STABILITY

The above campaigns for expanded engagement by China have tremendous appeal for the United States and the Asia-Pacific region as a whole. If China were deeply enmeshed in the region, it would be less likely to resort to military means to resolve future conflicts. A genuinely engaged China will facilitate further economic growth and prosperity in the region. Unfortunately, there are other aspects of China's maritime regional engagements that make the U.S. skeptical to the intent of the CCP's political and military goals. Some of these features are China's lack of transparency, the impact of PLAN's increased power projection capabilities, and the existing maritime territorial disputes in the region.

1. China's Transparency Issues

Over the last two decades, China has been expanding its naval capabilities at a rapid pace. This reflects a change in the priorities of a military that traditionally places the most emphasis on the land component of its armed forces. There is a lack of transparency and very little knowledge about the Chinese motivations for supporting the PLA Navy modernization. This lack of transparency coupled with the significant increase in the cruising range of PLAN vessels through access to naval facilities in Burma amplifies tensions already present in the Asia-Pacific region.

¹⁴² "Seventh Fleet Combined Naval Component Command." GlobalSecurity.org (January 2007) <http://www.globalsecurity.org/military/agency/navy/c7f.htm> (accessed 29 March 2007).

Aggressive military modernization supported by a burgeoning economy without reasonable rationales increases the likelihood that China's neighbors will feel threatened. Although no country can be completely transparent when it comes to national security, the PLA is one of the least transparent militaries in the Asia-Pacific region. In regional forums, Chinese officials state that military modernization is for defensive purposes but their navy continues to invest in strategic assets, such as submarines, ballistic and cruise missiles that are typically offensive in nature.

2. Power Projection Capabilities

The Chinese military is now able to project power well beyond its sovereign borders with the advent of advance submarines, new naval surface combatants, and ballistic and cruise missile technology upgrades. The 2006 Quadrennial Defense Review Report stated that China has the “greatest potential to compete militarily with the United States that could eventually offset traditional U.S. military advantages.”¹⁴³ Although ostensibly for self-defense purposes, these technologies can easily be used for offensive purposes.

As discussed in chapter three, the Chinese naval modernization is giving innovative and deadly capabilities to PLAN that far exceed most defensive requirements in the eyes of the United States. On 26 October 2006, a Song-class attack submarine, capable of launching long-range anti-ship cruise missiles while submerged, approached undetected and surfaced within five miles of the USS Kitty Hawk aircraft carrier in the vicinity of Okinawa.¹⁴⁴ It was unclear if the incident was a mistake or a demonstration of capabilities against one of the flagships of the U.S. Navy. The recent acquisitions of

¹⁴³ Donald Rumsfeld, *Quadrennial Defense Review Report* (Washington D.C.: Department of Defense, 6 February 2006), 29.

¹⁴⁴ Ronald O'Rourke. *China Naval Modernization*, 35.

the advanced conventional Russian Kilo-class submarines further enhance PLAN's ability to quietly deploy long distances and confront the U.S. aircraft carrier battle groups with its wake-homing torpedoes.¹⁴⁵

The 2006 QDR implied that the weapon systems selected for speedy modernization by China were designed to target the weakest points of the U.S. Naval combatants.¹⁴⁶ This includes the recent test of the ASAT that can destroy or disrupt the GPS and intelligence related satellites that the United States and the rest of the world have come to depend upon.¹⁴⁷ The PLAN also invests in an indigenously built, ultra-modern stealth destroyer that successfully completed a 9,000 nautical mile long sea-trial that lasting over 120 days.¹⁴⁸ With no external maritime threats and near-opaque motivations for its massive naval arms buildup, the United States, as well as the Asia-Pacific region, can only speculate on the true nature of the selective naval modernization efforts by the CCP.

3. Maritime Territorial Disputes

The PLAN's lack of transparency coupled with appreciable growth of power projection capabilities is heightening tension in the myriads of maritime territorial disputes to a dangerous level. The side effect of the end of the Cold War was the collapse of restraints imposed by the superpowers that discouraged regional disputes. Now, there are even more territorial and sovereignty disputes in the region that have the possibility of leading to armed conflicts.

Leading the territorial disputes and the possibility of a widespread-armed conflict is the case of Taiwan. The PRC has a claim to Taiwan and specifically threaten the use

¹⁴⁵ Christopher Griffin and Dan Blumenthal. "China's Defense White Paper: What It Does (And Doesn't) Tell Us." *China Brief* 7, Issue 2 (24 January 2007) http://www.jamestown.org/publications_details.php?volume_id=422&issue_id=3983&article_id=2371835 (accessed 2 April 2007).

¹⁴⁶ Donald Rumsfeld. *2006 Quadrennial Defense Review Report*. 30.

¹⁴⁷ Kevin Pollpeter. "Motives and Implications Behind China's ASAT Test." *China Brief* 7, Issue 2 (24 January 2007) http://www.jamestown.org/publications_details.php?volume_id=422&issue_id=3983&article_id=2371834 (accessed 2 April 2007).

¹⁴⁸ "China Unveils Stealth Warship." *Rediff India Abroad* (2 November 2006) <http://www.rediff.com/news/2006/nov/02china.htm> (accessed 10 March 2007).

of force to maintain its territorial integrity despite the enormous political and economical consequences.¹⁴⁹ In fact, much of PLAN's modernization centers on the requirement to conduct anti-access operations against the U.S. Navy if reunification is carried out militarily. Although the chance of a large-scale military invasion of Taiwan is low, the increased capabilities of PLAN and its long-range weapons, such as ballistic and cruise missiles, is already intensifying tensions between the PRC and the Republic of China.¹⁵⁰

The other maritime territorial disputes range from the Senkaku Islands, half way between Taiwan and Okinawa, to the Spratley Island in the South China Sea. Despite participation in various confidence-building initiatives with ASEAN, the PLAN upset the status quo in 1999 by upgrading the crude shacks into concrete structures on the Mischief Reef, territory claimed by and within 200 miles of Philippines.¹⁵¹ China placing marker buoys, building permanent and semi-permanent structures supported by naval re-supply missions have become commonplace in the ongoing maritime territorial disputes.¹⁵²

Many of the maritime disputes stem from the desire to secure the respective sea lines of communication and the oil and gas resources associated with these territories, most of which only contain uninhabitable rocks and shoal that are submerged during high tide.¹⁵³ With the PLAN's increase in power and capabilities, there are fears from the other claimants that China may turn to using force to secure its claims to the various maritime territorial disputes despite Beijing signing the "Declaration on the Conduct of

¹⁴⁹ Information Office of the State Council of the People's Republic of China. *2006 Chinese Defense White Paper* (December 2006) <http://www.china.org.cn/english/features/book/194421.htm> (accessed 24 March 2007).

¹⁵⁰ Robert Sutter. *China's Rise in Asia* (Lanham, MD, Rowman and Littlefield Publishers, Inc., 2005), 68.

¹⁵¹ Robert Sutter. *China's Rise in Asia*, 186.

¹⁵² Terry McCarthy. "Reef Wars." *Time Asia* 153, No. 9 (8 March 1999) <http://www.time.com/time/asia/asia/magazine/1999/990308/spratlys1.html> (accessed 2 April 2007).

¹⁵³ Hung-mao Tien and Tun-jen Cheng, Ed. *The Security Environment in the Asia-Pacific* (Armonk, N.Y.: M.E. Sharpe, Inc., 2000), 261.

Parties in the South China Sea.”¹⁵⁴ The respective countries may opt to increase their own capabilities by building up their naval forces to offset the growing strength of the PLAN, adding to the tension in the region.

C. IMPLICATIONS FOR INDIA

The Republic of India is a regional economic and military power that has the largest liberal democracy in the world. It is the second most populous country in the world at 1.09 billion people and one of the few countries that continues to operate an aircraft carrier.¹⁵⁵ India’s GDP continues to grow at an average rate of 7 percent and increasingly requires imported energy in the form of oil and natural gas that may rival that of China in the future.¹⁵⁶ India currently has cordial relations with its regional neighbors and as well as with the United States of America. If Beijing continues to press for access to port facilities in Burma and actually deploys its naval forces into the Indian Ocean to escort its tanker fleet, the Republic of India would surely feel threatened by the expanded capabilities of the Chinese naval forces.

1. India’s Encirclement

China is a major power that surpasses India in terms of sheer size, population, conventional, and nuclear military capabilities. Although perceived as a major external military threat to India, the Chinese ability to project conventional military power was limited, until the mid 1990s, due to the highly militarized 3380km border and China’s lack of maritime power projection capabilities. The PRC compensated by establishing economic and security cooperation amongst India’s neighbors, especially with Pakistan

¹⁵⁴ “Spratly Islands.” *Global Security.org*. (17 December 2006)
<http://www.globalsecurity.org/military/world/war/spratly.htm> (accessed 3 June 2007).

¹⁵⁵ “India Factbook.” *The CIA World Factbook* (15 March 2007)
<https://www.cia.gov/cia/publications/factbook/geos/in.html> (accessed 2 April 2007).

¹⁵⁶ Vibhuti Hate. “India’s Energy Dilemma.” *Center for Strategic and International Studies South Asia Monitor* No 98 (7 September 2006): 1. <http://www.csis.org/media/csis/pubs/sam98.pdf> (accessed 3 April 2007).

and Burma. Despite China encircling India through cooperation with its neighbors, the PRC and India have maintained a delicate balance of stability that enabled one another to grow economically and militarily.

The rapid modernization of the PLAN, especially with access to naval facilities in Burma, poses significant challenges for India as well as to the stability of the region. With access to Burma, the PLAN would be able to penetrate further into the Indian Ocean, a capability that would tip the balance of power in China's favor in the future. Chinese deployments to the Indian Ocean will be construed by New Delhi as a challenge for the Indian Navy that considers the Indian Ocean as its domain. Despite this future prospect, the PLAN still falls short of challenging the dominant naval power of the Indian Ocean since it does not have aircraft carriers to compensate for the carrier India has been successfully operating for some time. What this portends is that both regional powers will likely accelerate the modernization of the respective navies as well as the power projection capabilities of their defense establishments.

2. Effects on India's Foreign Policy

In 1988, India was critical of Burma's handling of the student uprising and openly supported the democracy movement. China, on the other hand, was fully supportive of Burma's hard line tactics in the suppression of the uprising and cemented its relationship with Burma. In light of China's encirclement, India reversed its stance and took a pragmatic approach in its dealings with Burma. This holds true for India's international relations in the Asia-Pacific region and especially with the United States. Simultaneously, India also intensified its military modernization to ensure it remained the dominant regional power in South Asia.

India's rapprochement with Burma began in the early 1990s and New Delhi's influence has increased over the years. Economic ties, as well as military cooperation, continue to bring India and Burma closer together despite Chinese resentment. India and Burma cooperate on issues ranging from fighting terrorism to arms smuggling and drug trafficking. India even extended lines of credit worth millions of U.S. dollars to allow Burma to fund infrastructure projects, such as hydroelectric plants, telecom projects and

building new roads.¹⁵⁷ India can be expected to offer Burma larger economic incentives and military aid packages, as well as the air of legitimacy India can provide as the largest democracy in the world, to persuade it to not to grant China access to its ports. Unfortunately, China is some decades ahead of India and New Delhi is unlikely to match Beijing's absolute dollar amount of aid and the potent influence over Burma, especially the Chinese veto power in the UN Security Council.

India will continue to assert itself in economic trade and military cooperation with the ASEAN countries in hopes of dampening China's influence in Southeast Asia. Since 1990, India-ASEAN trade grew from US\$2.4 billion to US \$23 billion in 2005 and is projected to exceed US \$30 billion by the end of this year.¹⁵⁸ The growing economy and the technological prowess of India will undoubtedly draw investments from all over Southeast Asia. With greater dialogue and cooperation with ASEAN, India hopes to demonstrate that India is the dominant regional power in the Indian Ocean.

Over the past two decades, Indo-U.S. rapprochement gained momentum with increasing economic and military ties. The United States is conducting complex military exercises with Indian armed forces at the same time liberalizing arms and technology transfers that aid in securing India's borders and sea lines of communication.¹⁵⁹ Such close cooperation is in line with the U.S. collaboration with other key Asian allies, such as Japan and South Korea.

In addition to India's expansion of influence throughout the Asia-Pacific region, New Delhi is continuing the modernization of its formidable armed forces at an even faster pace. Since 1998, India has increased its defense budget by 13 to 25 percent per year, acquiring sophisticated new equipment with enhanced power projection

¹⁵⁷ "Indian President APJ Abdul Kalam's Recent Visit to Myanmar." *Indian Defence Review* 21, no. 1 (1 January 2006 – 31 March 2006) <https://www.opensource.gov> (accessed 17 February 2007).

¹⁵⁸ Raj Chengappa. "PAFTA Anyone?; India Works Out the Modalities for a Free Trade Agreement with ASEAN and Pushes for an Economic Arrangement That Could Rival the EU." *India Today* (29 January 2007) <http://proquest.umi.com> (accessed 4 June 2007), 38.

¹⁵⁹ Robert Sutter. *China's Rise in Asia*, 244.

capabilities.¹⁶⁰ The Indian Navy is the fifth in the world and maintains its blue water capabilities consisting of an aircraft carrier, over 40 surface combatants including guided missile cruisers, and more than a dozen submarines.¹⁶¹

In attempting to penetrate deeper into the Indian Ocean and onto the Persian Gulf, the PLAN is cognizant of the regional powers that ply the Indian Ocean. The Indian Navy is a formidable force that will likely stand its ground if provoked by China. This is especially true since the Indian Air Force can range well into the Indian Ocean with its air refueling capabilities. Without an aircraft carrier to bring air support, the PLAN will be at a drastic disadvantage so far from homeport. It may be many years before China gains enough naval power to counter the Indian Navy at its home turf and New Delhi will likely press this advantage when dealing with Beijing.

D. CHALLENGES FOR JAPAN

In the Asia-Pacific region, no other nations depend upon the U.S. security umbrella more than Japan. Although Japan has armed forces capable of defending its homeland, Japan lacks its own power projection capabilities that can safeguard its immense energy imports that routinely travel through the Strait of Malacca and other strategic chokepoints. The increase in China's naval capabilities may be seen as a threat to Japan's security and access to Burma's naval facilities may heighten that perception.

1. Japan's Military Threat Perceptions

After World War Two, Japan was forbidden to use military force for waging war by the United States-Japan Security Treaty of 1951 and the United States took responsibility to defend Japan against external military attacks.¹⁶² American troops are

¹⁶⁰ Teresita Schaffer and Pramit Mitra. "India as a Global Power?" *Deutsche Bank Research Report* (16 December 2005): 6. http://www.csis.org/media/isis/pubs/051216_indiaglobalpwr.pdf (accessed 2 April 2007).

¹⁶¹ "Indian Navy." *Global Security.org*. (14 October 2005) <http://www.globalsecurity.org/military/world/india/navy-intro.htm> (accessed 2 April 2007).

¹⁶² "Treaty of Mutual Cooperation and Security between Japan and the United States of America." *Database of Postwar Japanese Politics and International Relations* (19 January 1960) <http://www.ioc.u-tokyo.ac.jp/~worldjpn/documents/texts/docs/19600119.T1E.html> (accessed 7 April 2007).

still stationed on bases throughout Japan that not only provide defense for the Japanese but for other nations friendly to the United States in the region. The United States also provides security for the regional sea lines of communication that is crucial for the oil imports that ensure the nation's economic prosperity. Japan continues to rely on the United States for its security but China's expansion of its power projection capabilities through Burma may drive Japan toward considerable conventional build-up, especially of its maritime forces.

Japan is the second largest global economic power and also the second largest net importer of oil along with being the third leading oil consumer in the world.¹⁶³ Protection of Japan's oil supply is one of the crucial concerns for Japan's comprehensive security. Old tensions from previous Sino-Japanese conflicts make Japan wary of Chinese intentions in its military modernization and assertive military posture in the deployment of its naval vessels in and around the Japanese sea lines of communication. This is reinforced by the repeated intrusions into Japanese territorial waters off the coast of Okinawa by various types of Chinese ships and even a Chinese nuclear powered submarine.¹⁶⁴ The deployments of PLAN vessels near the contested Senkaku Islands have also aroused insecurity for the Japanese.

In addition to rapid military modernization, the PRC's close relationship with Burma over the years has heightened Japanese concern of mounting Chinese regional influence. Operating out of Burmese naval ports will enhance Japan's perception that the Chinese new power projection capability may endanger the Japanese oil imports and even shift the balance of regional power toward China. This may lead to Japan hedging against China by building up its naval and air capabilities that will undoubtedly raise regional tensions as well as the concerns of Japan normalizing its defense establishment.

¹⁶³ "Country Analysis Briefs: Japan." *Energy Information Administration* (December 2006) <http://www.eia.doe.gov/emeu/cabs/Japan/Oil.html> (accessed 7 April 2007).

¹⁶⁴ Andrew Scobell and Larry Wortzel *Shaping China's Security Environment: The Role of the People's Liberation Army* (Carlisle, PA: Strategic Studies Institute, 2006), 182.

2. Effects on Japanese Foreign Policy

Japan has kept a wary eye on China's fantastic economic rise along with its robust military modernization, especially its power projection capabilities. Since most of the PRC's attention had been centered on the Taiwan scenario, Japan did not feel threatened with the advancement of the Chinese military. The ability to operate in the Indian Ocean through access to Burmese naval facilities will allow China to influence regional security along the sea lines of communication and the strategic chokepoints that can threaten the oil imports of Japan.

In the Asia-Pacific, Japan helps maintain the regional balance of power through its formidable economic power and self-defense capabilities as well as being the staunch ally of the United States. Although a self-defense force, the Japanese military is one of the most advanced in the region and capable of joint operations outside of its littoral. The U.S.-Japan alliance constrains Japan from becoming a normal power but if China's intention to escort tankers with the help of port facilities in Burma is realized, the constraints may no longer exist.

Japan is already assuming a more active military role in international affairs. In recent years, Japan deployed some of its military troops and equipment in support of the United Nation peacekeeping operations around the world. The Japanese Maritime Self-Defense Force also deployed its supply ships with destroyer escorts to the Indian Ocean to help provide fuel to allied warships as part of the U.S.-led Global War on Terror campaign.¹⁶⁵ After the adoption of the UN Security Council Resolution 1511 in October 2003, Japan deployed approximately 600 Ground Self Defense Force troops to southern Iraqi city of Samawah to conduct humanitarian and reconstruction assistance.¹⁶⁶ This marked the first time Japan deployed its troops to a combat zone in over 50 years.

¹⁶⁵ Chiyomi Sumida. "Three Japanese Warships, 700 Troops Set Out for Indian Ocean." *Stars and Stripes, Pacific Edition* (15 February 2002) <http://www.globalsecurity.org/military/library/news/2002/02/mil-020215-ss01.htm> (accessed 5 April 2007).

¹⁶⁶ Christopher Griffin and Dan Blumenthal. "Japan: A Liberal, Nationalistic Defense Transformation." American Enterprise Institute for Public Policy Research (October – November 2005): 3. http://www.aei.org/publications/pubID.23464/pub_detail.asp (accessed 7 April 2007).

This increase in the deployment of Japanese Self Defense Forces could signal a more willing attitude toward normalizing Japan's Self Defense Forces. Thus far, the move toward normalization has been kept in check due to Japan's security alliance with the United States. The deployment of PLAN vessels into the Indian Ocean may elicit fear of Chinese regional dominance and prompt Japan to embark on a major arms build-up or even the normalization of its defense forces.

In order to forestall a new security dilemma in the region, Japan engaged Burma in order to counter the extensive Chinese influence. Japan seeks to promote democratization and improve human rights by engaging Burma instead of isolating it, as the United States is doing through tough sanctions. From 1998 to 2003, Japan's direct investment in Burma amounted to US\$212.57 million while loans and credits were up to \$2.5 billion by 2006.¹⁶⁷ Although its influence is increasing, Japan is far from catching up to the sway China has over Burma.

E. SOUTH KOREA

The Republic of Korea (ROK) is a unique country that maintains an active defense of its border against the Democratic People's Republic of Korea (DPRK) to the north while preserving its relationships with the United States, Japan, and China. The United States represents the most important ally that provides security and troops against hostilities by the DPRK. Japan is a neighbor to the east with a high degree of economic interaction as well as the shared problem of the North Korea's nuclear tests. China, on the other hand, represents tremendous economic opportunities as well as a potential threat to South Korea's thriving economy that depends heavily on imported oil. The threat posed by PLAN's enhancement of its power projection capabilities through access to naval facilities in Burma may compel South Korea to further expand its already robust military forces that may add to the destabilization of the region.

¹⁶⁷ Jurgen Haacke. "Myanmar's Foreign Policy: Domestic Influences and International Implications." *The Adelphi Papers* 46, Issue 381 (June 2006): 74.

1. South Korea's Threat Perception

South Korea is located on the southern end of the Korean Peninsula that overlooks the Sea of Japan and the East China Sea. With DPRK to its north, South Korea depends upon the sea lines of communication to conduct its trade as well as import the vital oil to fuel its economy. With the United States drawing down its forces in South Korea and the military rise of China nearby, Seoul seeks to embrace a more independent capacity to respond to external threats.

After the Korean War, the United States and the Republic of Korea signed the ROK-U.S. Mutual Defense Treaty that enabled the U.S. to station troops in South Korea to deter and if necessary, destroy the North Korean forces. Until the 1990s, the U.S. troops stationed in South Korea remained around 50,000.¹⁶⁸ In 2004, the United States and ROK agreed to a three-phase reduction of 12,500 troops that will be complete by 2008.¹⁶⁹ While the drawdown continues, North Korea tested its first nuclear weapon in an underground facility on 16 October 2006 that added additional tension to the South Korean leadership.¹⁷⁰

As South Korea continues to deal with the DPRK to its north, Seoul has been keeping a wary eye on the astonishing economic growth and military modernization of China to its west. Although Seoul remains cautious, China surpassed the United States as the largest trading partner of South Korea in 2003.¹⁷¹ Trade between the two countries continues to grow despite uneasiness of South Korea toward the anticipated access to naval facilities in Burma to boost China's power projection capabilities. Even if the South Korea's energy imports are not threatened, Seoul still has to strike a balance

¹⁶⁸ Michael Conners, Remy Davison, and Jorn Dosch. *The New Global Politics of the Asia-Pacific* (New York, NY: RoutledgeCurzon, 2004), 126.

¹⁶⁹ Korean Research Institute for Strategy. *The Strategic Balance in Northeast Asia 2006* (Seoul, Korea, Dongjin Publishing Co, 2006), 56.

¹⁷⁰ Steven Aftergood and Hans Kristensen. "DPRK Nuclear Weapons Program." *Federation of American Scientists* (16 November 2006) <http://www.fas.org/nuke/guide/dprk/nuke/index.html> (accessed 8 April 2007).

¹⁷¹ Esther Pan. "South Korea's Ties with China, Japan, and the U.S.: Defining a New Role in a Dangerous Neighborhood." *Council on Foreign Relations* (8 February 2006) http://www.cfr.org/publication/9808/south_koreas_ties_with_china_japan_and_the_us.html (accessed 7 April 2007).

between continued economic ties with China and maintaining strong alliance with the United States to ward off future conflicts, be it the DPRK or another power.

2. Effects on South Korea's Foreign Policy

South Korea continues to view North Korea as its primary foreign policy challenge yet despite the constant threat and drain on the resources for defense, South Korea continues to grow economically and garner more influence in the region. As South Korea becomes more interconnected with the regional powers, Seoul is also aware of China's probable access to naval facilities in Burma and the accompanying increased power projection capabilities. This comes at a time when the United States is drawing down its forces in South Korea. In response to these developments, Seoul can be expected to insist upon more authority over its own military and political affairs at the same time expand and further modernize its military.

In April 2007, North Korea and Burma restored diplomatic relations after more than 20 years of isolation.¹⁷² The renewed relationship could benefit Burma by gaining access to more sophisticated military technologies, to include North Korea's nuclear technology, while North Korea could profit from access to Burma's abundant natural resources.¹⁷³ Although it is unlikely North Korea will be able to increase Burma's military capacity significantly, the new relationship will add to the already complex web of associations in the Korean Peninsula.

The drawdown of the U.S. forces along with the rising military capabilities of China prompted the South Korean leadership to undertake a modernization drive to replace antiquated equipment to strengthen its defense capabilities beyond the border scenario with North Korea. With the help of the United States, South Korea is replacing many of its aging fighter aircraft, naval surface combatants, tanks and artillery pieces

¹⁷² "Burma, North Korea Restore Ties." *BBC News* (26 April 2007) <http://news.bbc.co.uk/2/hi/asia-pacific/6594445.stm> (accessed 4 June 2007).

¹⁷³ Ibid.

with superior weapon systems that are compatible with U.S. systems.¹⁷⁴ The ROK forces are also gaining valuable experience in a combat zone with over 3,000 troops working closely with U.S. forces in support of Operation Iraqi Freedom.¹⁷⁵

South Korea long considers its alliance with the United States as the “backbone” of its security relationship.¹⁷⁶ Although this is still valid, Seoul already embarked on a concept of self-defense raising the military capacity proportional with the reduction of the U.S. forces. This was initiated by the South Korean President Roh Moo-hyun during the celebration of the 58th national independence on 15 August 2003 and emphasized the self-reliant military system.¹⁷⁷

On 3 June 2006, the South Korean Defense Minister and the U.S. Secretary of Defense announced that the wartime operational control would be ceded to South Korea as soon as the ROK forces secure the capability for warfare.¹⁷⁸ This means the ROK forces will be commanded by South Koreans at the same time South Korean forces become the primary fighters while the Americans take a supporting role. Command and control, as well as the ability to gather intelligence, will also be upgraded to enable this transition. The trend to gain independent control of South Korean armed forces, as well as continued modernization of its armed forces, can be expected to accelerate if China continues to press for access to Burma to magnify its power projection capabilities.

F. IMPACT ON SOUTHEAST ASIA

Southeast Asia is a collection of developing nations that occupy the land in and around the crucial sea lines of communication of the Asia-Pacific region. These nations

¹⁷⁴ Dennis Blair and Carla Hills. “U.S.-China Relations: An Affirmative Agenda, A Responsible Course.” *Council on Foreign Relations* (2007) <http://www.cfr.org/content/publications/attachments/ChinaTaskForce.pdf> (accessed 10 April 2007).

¹⁷⁵ Ibid., 48.

¹⁷⁶ Esther Pan. “South Korea’s Ties with China, Japan, and the U.S.: Defining a New Role in a Dangerous Neighborhood.”

¹⁷⁷ Zannou Corneille. “The ROK-US Military Alliance and the Future of Korea’s Defense Policy.” *The Academy of Korean Studies* (2006): 8. [http://www.aks.ac.kr/aks_kor/upload/news/THE ROK-US Military Alliance Paper.doc](http://www.aks.ac.kr/aks_kor/upload/news/THE%20ROK-US%20Military%20Alliance%20Paper.doc) (accessed 9 April 2007).

¹⁷⁸ Korea Research Institute for Strategy. *The Strategic Balance in Northeast Asia*, 329.

are marked by political varieties, economic disparities, and various ethnic tensions. The one thing they do agree on is that China is rising economically and militarily in the region and that many of the Southeast Asian nations have generally close ties to China. Burma, on the other hand, has been a source of embarrassment to the Southeast Asian nations though Rangoon's policies of anti-democratic repressions and blatant disregard for human-rights that have drawn the ire of the international community. With China supporting Burma, the call by ASEAN for Burma to expedite democratization and stopping human rights abuses have been largely ignored.¹⁷⁹ With no appreciable naval power, individually or collectively, the Southeast Asian Nations may also be marginalized by China's access to naval facilities in Burma.

1. China's Rise in the Region

Southeast Asia represents a collection of nations China has come to befriend to promote its economic interests as well as a place to cultivate natural resources to help fuel the growing Chinese economy. Southeast Asia also represents a strategic crossroad that is crucial for the transportation of its imported energy and China has gone out of its way to allay fears and build credibility in the region.

In October 2003, China signed the Association of Southeast Asian Nations (ASEAN) Treaty of Amity and Cooperation (TAC) that emphasized nonaggression and opened the way for increased economic cooperation in the region.¹⁸⁰ Trade between China and Southeast Asian nations reached US\$130.37 billion in 2005 and will likely continue to soar.¹⁸¹ The China-ASEAN FTA, expected to be approved within the next five years, will represent the world's largest market comprising more than 1.7 billion consumers and shared trade of over US\$1.2 trillion.¹⁸² Bilateral ties also flourished

¹⁷⁹ Jurgen Haacke. "Myanmar's Foreign Policy." 60.

¹⁸⁰ "China Joins Treaty of Amity, Cooperation in Southeast Asia." *People's Daily* (9 October 2003) http://english.peopledaily.com.cn/200310/09/eng20031009_125570.shtml (accessed 10 April 2007).

¹⁸¹ "Full Text of Joint Statement of China-ASEAN Commemorative Summit." *People's Daily Online* (31 October 2006) http://english.people.com.cn/200610/31/eng20061031_316726.html (accessed 10 April 2007).

¹⁸² Michael Connors, Remy Davison and Jorn Dosch. *The New Global Politics of the Asia-Pacific*, 60.

between China and Southeast Asian nations in the last decade. China and Thailand established a bilateral free trade agreement (FTA) in 2003 that reached US\$17.3 billion in 2004 along with purchases of military equipment from China to include warships.¹⁸³ In July 2005, Indonesia signed a deal to gain Chinese assistance in developing its medium range missiles along with other economic and defense related arrangements.¹⁸⁴

Beijing also uses high-level state official visits to show its commitment to Southeast Asia, ensure continued good relations, and cement the rising economic cooperation in the region. No longer is Beijing overtly confrontational with its Southeast Asian neighbors, instead uses adroit diplomacy backed by tangible incentives such as sizable preferential loans and military aid packages. Through leveraging bilateral and multilateral interactions with the Southeast Asian nations, China has been able to gain a level of mutual reliance to allay their fears about the Chinese rise in the region.

2. Southeast Asia Reactions

The rapid economic and military rise of China is producing anxiety amongst the Southeast Asian nations that have very few naval capabilities and lack the political clout needed to resist the expansion of PLAN into their backyards. The PRC participates in most of the regional security forums but has not been transparent in its intentions toward the region. The Association of Southeast Asian Nations have been working with China and gained considerable economic benefits in the process but still harbor suspicions that China may be trying to gain much more than economic cooperation in the region. In addition to conferring with China, ASEAN also engaged Burma, through its principle of non-interference, to offset China's tremendous influence despite ASEAN's uneasiness of Burma's military regime, human rights abuses, and its pariah status.

¹⁸³ Dana Dillion and John Tkacik Jr. "China's Quest for Asia." *Hoover Institution, Policy Review 134* (December 2005) <http://www.hoover.org/publications/policyreview/2920211.html> (accessed 12 April 2007).

¹⁸⁴ Dana Dillion and John Tkacik Jr. "China's Quest for Asia." *Hoover Institution, Policy Review 134* (December 2005) <http://www.hoover.org/publications/policyreview/2920211.html> (accessed 12 April 2007).

Chinese officials consistently state that the military modernization is for peaceful development and defensive purposes. In order to be more transparent, Beijing publishes its bi-annual Defense White Paper that reiterates the pursuit of a national defense policy that is purely defensive in nature.¹⁸⁵ What the ASEAN members see is China's growing influence around the Asia-Pacific region with corresponding rise in its power projection capabilities that goes beyond self-defense, such as the ballistic missiles and the modernizing navy. The willingness to employ these capabilities have been felt by Southeast Asian nations in China's forceful claims on the maritime territorial disputes that were discussed earlier in this chapter.

The Southeast Asian governments responded to China's increasing influence by working closer "with one another and other non-Asian powers, notably the United States."¹⁸⁶ Although China's influence is growing in the region, the United States still retains a tremendous presence as well as present economic opportunities for ASEAN. Southeast Asian governments can be expected to hedge against China by sustaining relations with the United States to diminish Beijing's influence that may not be in the best interests of the affected Southeast Asian nations. This trend will only accelerate if China gains access to naval facilities in Burma to deploy its navy for escort duties through the already congested waterways in the Southeast Asian region.

ASEAN has also been working to coax Burma away from the overwhelming influence of China and in 1997 Burma was inducted into the association. In addition to pressures on Burma to improve its human rights record and work toward democratic governance, ASEAN has also drawn support from India to help offset the balance of influence over Rangoon. Since New Delhi would not want to see further infiltration of Burma by China, India works hard to support ASEAN in supporting democratic reforms, as well as providing economic aid.¹⁸⁷

¹⁸⁵ Information Office of the State Council of the People's Republic of China. *2006 Chinese Defense White Paper*, 1.

¹⁸⁶ Robert Sutter. *China's Rise: Implications for U.S. Leadership in Asia*, 25.

¹⁸⁷ Jurgen Haacke. "'Enhanced Interaction' with Myanmar and the Project of a Security Community: Is ASEAN Refining or Breaking with its Diplomatic and Security Culture?" *Contemporary Southeast Asia*. 27, no. 2 (2005), 844.

Burma has since integrated itself into the region and is working toward further diversification that will bring prosperity to the country without over reliance on any single country. Unfortunately, this may not be possible with the strong sanctions imposed by the West. Even integrated into the region, the lure of unconditional diplomatic, military, and economic aids is too great for a country that is in a pariah status with no hope of expanding its markets without help from the west, namely the United States.

G. THE UNITED STATES

The United States is the current self-professed guarantor of freedom of navigation in the world's sea lines of communication. No other nation has the capability or the willingness to take on this responsibility. China currently views the United States as a regional stabilizer but if access is granted to naval facilities in Burma, there could be conflict of interests between the two nations.¹⁸⁸ Regional stability is paramount to continued prosperity and the United States can ill afford to have a naval arms race that could stymie its economic, political and military prerogatives.

1. U.S. Regional Interests

The United States has significant interests in the Asia region as well as the Indian Ocean. The Asian economies reflect the total U.S. trade volume twice of the European Union and are vital to the wealth and prosperity of the United States. Some of the other interests include freedom of navigation to promote free trade, sustain America's treaty allies and friends, and advance the rule of law and the democratic form of governance.¹⁸⁹

Asia represents the single largest concentration of international economic powers in the world. Eight of the world's ten fastest growing economies are found in the Asia region. The Asia region encompasses 28.56 percent of the global GDP of US\$46.66

¹⁸⁸ David Shambaugh. "China Engages Asia." *International Security* 29, no. 3 (Winter 2004/05) 91.

¹⁸⁹ Andrew Scobell and Larry Wortzel. *Shaping China's Security Environment: The Role of the People's Liberation Army* (Carlisle, PA: Strategic Studies Institute, 2006), 286.

trillion in 2006.¹⁹⁰ This is in comparison to 24.48 and 30.58 percent of the global GDP for the European Union and the United States respectively.¹⁹¹ Asia grew at an average of 7.2 percent with China at 9.5 percent and North Korea at 1.0 percent that encompassed the highest and lowest growth rates in the region.¹⁹² The high economic growth, as well as the percent of the world's GDP is likely to remain at relatively high levels for the foreseeable future. As the world's premier power, the Asia-Pacific represents a region for the United States to continue its growth and ensure its vitality well into the future.

2. U.S. Policy Towards Burma

In 1990, the National League for Democracy (NLD) won a landslide democratic election in Burma. Despite the military party winning only ten seats in the Parliament, as opposed to 392 out of 485 seats for the NLD, the military junta refused to honor the election results.¹⁹³ Many of the elected parliamentarians were arrested or driven out of political life by the military. With increasing human rights abuses and continued repression of civil society groups, the military junta has consolidated control over Burma.

In September 1996, the U.S. Government issued public law 104-208 that prohibited bilateral assistance, other than humanitarian and counter-narcotics support, imposed conditional sanctions that prohibited new investments in Burma and denial of visas to Burmese government officials until such time as Burma makes progress toward democratization and market reforms to raise the quality of life of the Burmese people.¹⁹⁴ In July 2003, President Bush signed the Burmese Freedom and Democracy Act of 2003

¹⁹⁰ Mathew Shane Real. "Historical GDP Shares and Growth Rates of GDP Shares for Baseline Countries/Regions." *Economic Research Service* (19 December 2006) <http://www.ers.usda.gov/data/macroeconomics/Data/HistoricalGDPSharesValues.xls> (accessed 10 January 2007).

¹⁹¹ Mathew Shane Real. "Historical GDP Shares and Growth Rates of GDP Shares for Baseline Countries/Regions."

¹⁹² "Asian Development Outlook 2006 – Country-by-Country Growth and Forecasts." *Asian Development Bank* (6 April 2006) <http://www.adb.org/Media/Articles/2006/9638-regional-GDP-table> (accessed 2 March 2007).

¹⁹³ Philip Robertson. "U.S. Policy Regarding Burma." *Foreign Policy in Focus Policy Brief*. 5, no. 31 (1 September 2000) <http://www.fpiif.org/fpiftxt/1520> (accessed 4 June 2007).

that imposed tougher economic sanctions on Burma.¹⁹⁵ The United States seeks political transition to a democratically elected government that respects human rights and supports democratic governance.¹⁹⁶

3. U.S. Approach to the Asia-Pacific

In the 2006 Quadrennial Defense Review, the U.S. Department of Defense explicitly stated “of the major and emerging powers, China has the greatest potential to compete militarily with the United States.”¹⁹⁷ This is a dramatic departure from the intimation put forth in the 2001 QDR to the outright naming of China as the U.S. next adversary. The United States recognizes that China’s stunning economic rise will likely continue along with its accompanying political and military might. In order to preclude it from becoming a strategic rival, the U.S. is engaging China economically at the same time as it is developing new military relationships and strengthening existing ones to safeguard against any potential military threats.¹⁹⁸

The economies of the United States and the People’s Republic of China are inexorably intertwined since the U.S.-China rapprochement. China accounts for US\$285 billion in two way trade with the United States, making China the third largest U.S. trading partner while the U.S. is China’s largest trading partner.¹⁹⁹ U.S. exports to China from 2000 to 2005 grew by an estimated 160 percent in comparison to only 10 percent

¹⁹⁴ 104th Congress. “Policy toward Burma.” *Public Law 104-208* (30 September 1996) http://www.treas.gov/offices/enforcement/ofac/legal/statutes/pl104_208.pdf (accessed 4 June 2007), 168.

¹⁹⁵ 108th Congress. “Burmese Freedom and Democracy Act of 2003.” *Public Law 108-61* (28 July 2003) http://www.treas.gov/offices/enforcement/ofac/legal/statutes/bfda_2003.pdf (accessed 4 June 2007).

¹⁹⁶ Bureau of East Asian and Pacific Affairs. *Conditions in Burma and U.S. Policy Toward Burma for the Period September 28, 2005 – March 27, 2006*. (Washington D.C.: U.S. Department of State, 17 April 2006) <http://www.state.gov/p/eap/rls/rpt/66449.htm> (accessed 4 June 2007).

¹⁹⁷ Donald Rumsfeld. *2006 Quadrennial Defense Review Report*. 29.

¹⁹⁸ Jay Solomon. “U.S. Increasingly Pursues Two-Track China Policy; Economic, Security Goals Yield Approach Combining Engagement, Containment.” *The Wall Street Journal, Eastern Edition* (17 November 2005): A.1.

¹⁹⁹ Kerry Dumbaugh. *China-U.S. Relations in the 109th Congress* (Washington D.C.: Congressional Research Service, 31 December 2006), 18.

growth in export to the rest of the world.²⁰⁰ More and more U.S. firms are now investing Mathew Shane Real. “Historical GDP Shares and Growth Rates of GDP Shares for Baseline Countries/Regions.” in China to take advantage of low-cost manufacturers at the same time the U.S. government is engaging the Chinese government to ensure continued economic growth of both countries.

The Pentagon continues to be wary of Chinese military intentions despite the increasing economic relations between the United States and China. The Chinese defense budget has grown by near double digits for more than two decades and the trend will not likely abate for the foreseeable future. Although the U.S. military is preoccupied in the Middle East, there is tangible realignment of forces, as well as new security arrangements being forged in the region as a deterrent for the expanding influence of the Chinese military.

The Pentagon is expending over US\$5 billion in the next several years to expand and upgrade the military facilities in Guam to facilitate the redeployment of bombers, fighters, submarines, unmanned reconnaissance aircraft, and other strategic assets to shorten the response time from weeks to days in the Asia-Pacific region in case of any major contingencies.²⁰¹ The realignment of U.S. strategic assets include redistribution of 60 percent of the submarine forces, inclusive of 31 nuclear powered attack submarines, to the Pacific Command and the transfer of 8,000 Marines from Japan to Guam by 2010 and 1012 respectively.²⁰² The use of Guam, an American territory, releases the United States from any restrictions of foreign governments in the U.S. involvement in future conflicts.

The United States is realigning the forces in Japan to strengthen the military alliance at the same time increase the capabilities of the operational forces. Camp Zama in the Kanakawa Prefecture of Japan is due to receive the I Corp, a force of approximately 20,000 active soldiers based in Washington State, to be turned into a U.S.-

²⁰⁰ Dennis Blair and Carla Hills. “U.S.-China Relations: An Affirmative Agenda, A Responsible Course.” 59.

²⁰¹ Korean Research Institute for Strategy. *The Strategic Balance in Northeast Asia 2006*, 36.

²⁰² Bruce Vaughn. *U.S. Strategic and Defense Relationships in the Asia-Pacific Region* (Washington D.C.: congressional Research Service, 22 January 2007), 14.

Japan Joint Operational Command by 2008.²⁰³ The United States is also in the process of deploying the advanced Patriot interceptor missiles to help Japan counter the growing missile threats from North Korea and even China.²⁰⁴ This is a stopgap solution until the highly touted Missile Defense system becomes a reality in the future.

The United States continues to reinforce the bilateral relationships with its long time allies in the Asia-Pacific. In South Korea, the United States continues to present a significant security deterrent for North Korea. The U.S. maintains a sizable military contingent that continues to train side by side and enhance military cooperation between the United States and South Korea. The United States also maintains good relations with Thailand, Singapore, and the Philippines, engaging in major annual bilateral exercises that foster closer bonds between the militaries and the governments.

The United States remains wary of China gaining access to naval facilities in Burma. If China gains access to Burma's naval facilities, the PLAN would be able to deploy into the Indian Ocean, upsetting the balance of power in the Asia-Pacific region. In addition to the formal alliances already present in the Asia-Pacific, the United States is harnessing other strategic relationships that could aid in restraining China in the long run. India is a growing power that could act as a counterbalance to China's rising influence in the region. As the world's largest democratic nation, India helps promote free and fair trade along with being an economic partner with the United States. India is also possesses a blue-water navy that have expanded bilateral exercises with the United States. The U.S. and India recently participated in Cope India, a 2006 exercise that represents the largest bilateral air exercise in the past 40 years.²⁰⁵

The U.S. seeks additional bilateral relationships with other countries, such as Mongolia, Vietnam, Indonesia, and most other nations that are receptive to overtures offered by the United States. The U.S. is using economic and military aids to attract these nations to cooperate with the United States. At the same time, the Pentagon is

²⁰³ Korean Research Institute for Strategy. *The Strategic Balance in Northeast Asia 2006*, 37.

²⁰⁴ Ahn Young-joon. "U.S. Patriot Missiles to be Placed on Bases in Japan." *USA Today* (26 June 2006) http://www.usatoday.com/news/world/2006-06-26-patriot-japan_x.htm (accessed 22 April 2007).

²⁰⁵ Bruce Vaughn. *U.S. Strategic and Defense Relationships in the Asia-Pacific Region*, 25.

aware that many Asia-Pacific nations are wary of siding with either the U.S. or China lest they be entangled in a power struggle in the region.

H. ANXIETIES IN THE ASIA-PACIFIC

The Asia-Pacific region is feeling the increasing strength of China's economic and military power. With each passing year, China's GDP continues to grow and finance the robust modernization of its armed forces. China stated that it is following a strategy of "peaceful development" and contributes to the stability and prosperity of the region.²⁰⁶ Due to China's lack of transparency and the increasing pace of its naval modernization, many countries in the region have begun to increase military spending and secure their own sea lines of communication.

India continues to modernize its blue water navy to continue its patrols in the Indian Ocean and the surrounding waters. Japan is wary of China's intentions and has devoted significant attention to modernizing its self-defense forces as well as cultivating closer ties with the United States. South Korea has gained a more independent military command structure at the same time continuing to develop its alliance with the United States along with closer ties to other regional powers. Southeast countries are aware they cannot begin to match China's power and are attempting to offset China's clout in the region through influencing Burma.

Already, the United States is shifting its forces and capabilities in the Asia-Pacific to ensure adequate military strength to deal with any contingencies that may arise due to China's rise in the region. Although China has been adept in engaging its neighbors, the PLAN's access to Burma's naval facilities could trigger further escalation of military buildup in the Asia-Pacific region.

²⁰⁶ "China Sticks to Policy of Peaceful Development: Chinese Leader." *People's Daily Online* (27 March 2006) http://english.people.com.cn/200603/27/eng20060327_253658.html (accessed 4 June 2007).

V. CONCLUSION

In the Asia-Pacific region, China will continue its economic rise for the foreseeable future. The requirement for imported oil will continue to increase, thus securing the sea lines of communication will be high on the priority list of the CCP in its quest to remain in power. Currently, Beijing depends on the security provided by the United States to allow China's imported oil to flow unabated. As China continues to grow economically and militarily, the time will come when that security may no longer be guaranteed, especially if some of Beijing's actions are contradictory to the U.S. national interests, such as reuniting Taiwan by force. China's path to gaining access to naval facilities in Burma portends instability that will be detrimental to a more prosperous global community.

A. ACCELERATED REGIONAL MILITARY MODERNIZATION

The prosperity of the Asia Pacific region hinges on a benign and a relatively peaceful environment to foster further economic development. The United States provides freedom of navigation for the region's sea lines of communication that stems from its dominance of the sea. Although the countries friendly to the United States see the Americans as a source of security for the sea lines of communication, China views the U.S. naval forces as a source of its vulnerability. China does not yet have a blue water navy capable of escorting the oil tankers along the sea lines of communication but if it gains access to naval facilities in Burma, the PLAN will be able to deploy far into the Indian Ocean. The probability is good that China will gain access to Burma's ports so long as the incentives are sufficiently large to entice Burma's military junta, such as additional generous economic and military packages.

The accelerated modernization of the PLAN, coupled with access to Burma's naval facilities, could hasten the pace of military modernization among the major powers of the region in order to protect their own security and economic interests in the region. The U.S. allies (South, Korea, and Japan), as well as its friends in the region, can be expected to cultivate closer cooperation with the United States to counteract China's rise

in the Asia-Pacific. More joint exercises that foster greater interoperability between the United States and U.S. friendly navies can be expected to increase in the future.

Asia's swift economic growth is already enabling the regional states to finance an accelerated military modernization, in part to hedge against the rapid rise of China's military power. With growth in the economy, the real dollar amount dedicated to military expenditures increased dramatically as compared to the percent of the country's GNP. Japan maintained its military expenditure at one percent yet the real dollar amount rose from US\$35.4 billion in 1989 to \$44.3 billion in 2005.²⁰⁷ India increased its military spending to US\$19.9 billion and also acquired new equipment, such as the airborne early warning helicopters and unmanned aerial vehicles.²⁰⁸ South Korea is increasingly modernizing its weapon systems to ensure it can respond to any contingencies, either from North Korea or an offshore threat. In all, the East Asia region increased its military expenditures by 71 percent to US\$120 billion while South Asia increased by 91 percent to \$25 billion over a 17-year period.²⁰⁹ If China gains the capability to deploy its naval fleet into the Indian Ocean and expand its power projection ability, the regional powers, along with the lesser powers, will likely devote much more resources to build up their naval forces. This will diminish the relatively stable environment provided by the United States to be supplanted by fear and anxiety over the future security environment of the region.

B. ENGAGING BURMA

The disquieting trend of regional naval modernization need not accelerate out of control due to the likelihood of the PLAN gaining access to the port facilities of Burma. As outlined in Chapter II, Beijing does not yet have access to Burmese ports but if its influence continues to grow, China will likely acquire the capability to project naval

²⁰⁷ "Japan Factbook." The CIA World Factbook (8 February 2007) <https://www.cia.gov/cia/publications/factbook/geos/ja.html> (accessed 20 February 2007).

²⁰⁸ "India Factbook." The CIA World Factbook (8 February 2007) <https://www.cia.gov/cia/publications/factbook/geos/in.html> (accessed 2 March 2007).

²⁰⁹ "Table on World and Regional Military Expenditure, 1988-2005." *Stockholm International Peace Research Institute* (2006) http://www.sipri.org/contents/milap/milex/mex_wnr_table.html (accessed 24 April 2007).

power into the Indian Ocean. With these added deployments, the chances are good that the various navies around the Asia-Pacific may cross paths, adding to the already present tension in the region.

China will continue to grow economically, politically, and militarily well into the future. Thus far, China has been fairly responsible in its interactions with the international community. The Chinese naval modernization is unquestionably focused on upgrading antiquated weapon systems and protecting its littorals. Other uses include denying access to outside powers, such as the United States, from interfering with a forceful reunification of Taiwan, as well as to gain the ability to protect China's sea lines of communication. In its current state, the PLA Navy is well equipped to protect its littoral and may even be able to deny access to outside powers for a time. It is unlikely the PLAN has the requisite naval power projection capabilities to secure its sea lines of communication without the aid of at least one strategically located naval port along its extended sea lines of communication. Burma represents a springboard to extend the cruising range of the PLA Navy and Beijing will likely gain access to the Burmese naval facilities in the near future in the absence of a counter stratagem from the United States and the international community.

Burma remains a pariah state despite the strides made in its regional and international interactions thus pushing the Burmese military junta closer to China for even more support. Rangoon is aware of its dependency on China and already begun to diversify, such as cooperating with India and Japan. The Burmese diversification effort is paying off but is progressing at a snail's pace. The temptation for Burma is too great to gain more aid from China instead of finding more support from the international community. If Burma is given a chance to further diversify without the restrictive sanctions imposed by the United States and the Western nations, the chances are strong that the overpowering influence of China will be diminished.

The United States and the regional powers should deal with the new cause of potential instability by systematically engaging Burma to stave off China's design to extend its naval reach beyond the South China Sea. The U.S and the Western nations have had over a decade to see if sanctions would work against Burma. It is clear that

sanctions have not worked and it will be wasted efforts and resources for the U.S. and the West to continue in this vain. The tough sanctions have instead hindered other countries from gaining the influence to allow the Burmese government better options to choose from other than China.

In light of Burma's focus as the nexus of instability for the region, the United States should disassociate the human rights and democratization requirements and engage the military junta to give it more appealing options than granting the PLAN access to its naval facilities. While still pushing for human rights and democratization, concessions could be given in exchange for Rangoon's cooperation in not granting China permission to use its naval ports. Such concessions could be to build up infrastructure and finance other public works projects to directly help the people of Burma. The positive steps taken will give hope to the people that have otherwise been suppressed by the government. With the support of the Burmese people, democracy may even be possible in the distant future. Instead of working against Burma, the international community and especially the United States, should work with Burma to implement change.

Working with Burma is just the short-term solution to the larger potential source of conflict, the rise of Chinese military naval modernization and its desire to secure its own extended sea lines of communication in spite of a stable international order. China represents the rising power with the attendant fears from its neighbors and the world. The United States, along with the international community, should further engage China to moderate the anxiety of the region and the world. There are no easy solutions to the dilemma of China's rise. Only time will tell if China will continue its 'peaceful development' philosophy or challenge the status quo and risk conflict with the United States or other major powers to assert itself as another superpower.

C. PARTING THOUGHTS

There is no telling if the People's Republic of China will continue its economic ascendancy to rival the United States or end in a resounding crash due to mounting domestic upheavals. These scenarios are too far in the future to predict but if PLAN begins to operate out of Burmese ports, one does not need a crystal ball to realize that

regional instability and mutual mistrust will be the outcome. It will be up to the international community to turn a pariah state into a responsible nation that not only helps the Burmese people but allows relative stability to continue unabated in the region.

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